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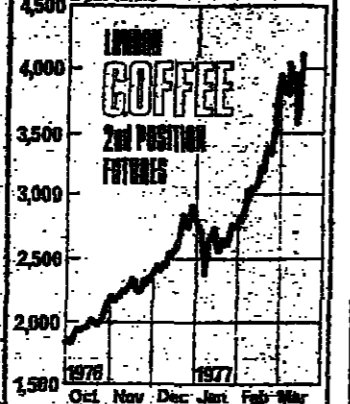
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NEWS SUMMARY

British Equities steady; gold up \$1 1/2... Jewish dissident seized by KGB... Anzotly Sheharanski, the spokesman and member of the committee to monitor the observance of the Yom Kippur truce...

Equities steady; gold up \$1 1/2... GILTS were mixed, with wide-spread gains in shorts and losses in medium and long maturities... GOLD rose \$1 1/2 to \$146 1/2... STERLING fell 5 points to \$1.7190; the index was unchanged at 62... WALL STREET was up 7.65 at 968.01 near the close... COFFEE PRICES in London rose to new peaks, with the May position \$233.5 higher at \$4107.5 a tonne, Page 29



Arrest came only moments after Mr. Sheharanski learnt of the arrest of Dr. Mikhail Shtern, a physician and endocrinologist whose conviction in the case became an international cause celebre... UDR man killed... UDR man was injured... Bank of Italy supports lira... JAPAN wants talks with Carter... CHICAGO brokers Swift Henke and Company have gone into receivership... LOCKHEED AIRCRAFT of California is offering the U.K. aerospace industry a major share of the work on proposed new versions of the TriStar airliner... SIR CHARLES FORTE, chief executive of Trust Houses Forte, said the group would not publish any further information... BROOKE Bond Liebig first-half pre-tax profit advanced to £16.5m... KLEINWORT Benson Lend Lease profit after tax for 1976 rose to £5.54m... GRINDLAYS HOLDINGS pre-tax profit in 1976 was £39.68m... PRICE CHANGES YESTERDAY... Howden (Alex) 150 + 7... Judge Intl 24 + 13... Revertex 28 + 6... Smuditt (S) 159 + 7... Sony 840 + 25... Steel Brokers 225 + 5... Turner Manufacturing 55 + 5... Willis Faber 242 + 15... British Indian Tea 195 + 15... De Beers Ltd 255 + 10... Messing 190 + 10... RVT 223 + 7... Sulfonamide 150 + 15... UC Invn 178 + 6... Johnson Gp Cleaners 41 - 6 1/2... Lake and Elliot 45 - 5 1/2... Serck 58 - 8... Unilever 478 - 8... Kinross 250 - 10

ULTIMATUM BY MANAGEMENT AND UNIONS IS REJECTED

Leyland strike to go on

BY ALAN PIKE, Labour Staff

LEADERS OF the unofficial Leyland toolroom strike yesterday responded swiftly to a warning from the company and the union that the 3,000 strikers will lose their jobs unless they return to work on Monday... The full 63-strong strike committee will meet to-day and report back to mass meetings in Birmingham, Oxford and Liverpool to-morrow... The ultimatum to the toolmakers received the full endorsement of the Prime Minister yesterday after a Cabinet review of the crisis facing the company... Mr. Callaghan told MPs that the Government's attitude to the company would depend on how quickly the strikers returned to work... In this very serious situation the Government will have to review the future of British Leyland in the light of the way the situation develops... Mr. Callaghan said.

Callaghan backs tough line

BY RICHARD EVANS, LOBBY EDITOR

THE ultimatum to the toolmakers received the full endorsement of the Prime Minister yesterday after a Cabinet review of the crisis facing the company... Mr. Callaghan told MPs that the Government's attitude to the company would depend on how quickly the strikers returned to work... In this very serious situation the Government will have to review the future of British Leyland in the light of the way the situation develops... Mr. Callaghan said.

skilled workers, in Leyland and elsewhere, which they say they have received... An "entirely unofficial" one-day stoppage in their support is planned to-day by Rolls-Royce toolroom workers in Derby and Leicestershire... AUEW leaders, who in agreeing to support yesterday's initiative have had to gamble on the reaction of their other skilled members, will hope that such moves do not spread... Yesterday's move by Leyland and the Confederation came after long discussions which led to a meeting with Mr. Eric Varley, Industry Secretary, late on Monday night... The success of any attempt to reopen factories without the toolmakers will depend largely on how seriously other workers have taken the recent warnings about the company's future... Leyland will be waiting anxiously to see whether the strength of the unpopularity for the strikers among national union leaders is shared by their fellow-workers... By last night, 44,000 Leyland car workers were idle, almost all because of the toolroom strike, and many of them do not qualify for lay-off pay in this type of dispute... Mr. Moss Evans, national organiser of the Transport and General Workers Union, which in the main represents semi-skilled car workers, said yesterday that the toolmakers' demand for separate company-wide bargaining rights was "not in accordance with good trade union principles"... Leyland yesterday repeated its desire to agree a phased programme to pay comparable wages to employees performing the same jobs throughout Leyland Cars' when incomes policy permits.

Text of Leyland statement and Chrysler strike end, Page 13 • Callaghan in Commons, Page 15 • Editorial comment, Page 22

Strong challenge to Gandhi as India goes to the polls

BY DAVID HOUSEGO, ASIA CORRESPONDENT

INDIA goes to the polls tomorrow in an election in which the future of Mrs. Indira Gandhi, as Prime Minister, hangs in the balance... The occasion is now far more momentous than Mrs. Gandhi could have imagined when, in late January, she took the gamble to call a sharp election... After 18 months of emergency rule, the vote will decide whether India returns to the democratic conditions established after independence or whether Mrs. Gandhi's emergency has laid the seeds of a more authoritarian system... Mrs. Gandhi has been Prime Minister for 11 years and is the second generation of the Nehru family to have presided over India's fortunes... The widespread resentment at the high-handedness that has characterised the administration during the emergency has been the most prominent feature of the election campaign... As a result, her ruling Congress Party faces what is probably its strongest challenge yet to its power.

For the first time the main opposition groups have united around a common list of candidates, of which the largest proportion are drawn from the newly created Janata Party... The other main threat to Mrs. Gandhi comes from Mr. Jagjivan Ram, the former Agriculture Minister, who resigned from Congress after the election... Mrs. Gandhi's support in Northern India and among the 85m members of the Harijan (untouchable) caste... Mr. Ram's aim appears to be to gain enough seats for his own faction to re-unite the Congress Party with himself as premier... The Janata Party—a coalition of widely diverging groups including the Right-wing Hindu Jan Sangh, and a dissident Congress group under Mr. Moraji Desai, a former Deputy Prime Minister—has yet to choose its leader... Its first priority is to repeal the constitutional amendments including the curb on the Press and judiciary, passed by Mrs. Gandhi during the 18 months of emergency rule... Several thousand political prisoners were arrested under the emergency.

Industrial output rising slowly

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL OUTPUT has been rising over the last few months, though still at a slow rate... The only real growth came from North Sea activities and the power and water industries as manufacturing production has hardly increased since the late summer... The Central Statistical Office announced yesterday that the all-industries index was 1.3 per cent higher in the November-January period than in the previous three months... The comparable rise for the manufacturing index was only 0.3 per cent... In January, the all-industries index rose by nearly 1 per cent to 103.9 (1970=100, seasonally-adjusted) from 102.9 in the previous month, though comparison is distorted by the unusually long Christmas holidays... There was a slightly smaller rise in manufacturing output in January... Although the latest figures confirm the clearly rising trend of overall output since the depressed summer period—and may

Table with columns: Industrial Production 1970=100, Seasonally adjusted, All Industries, Manufacturing. Rows: 1975 1st, 2nd, 3rd, 4th; 1976 1st, 2nd, 3rd, 4th, Aug, Sept, Oct, Nov, Dec; 1977 Jan.

slightly understate the rise because of recent stockbuilding not fully reflected in the index—the detailed picture is still generally bleak, and offers no prospect of an early sustained fall in unemployment... The economy still appears to be recovering in a weak manner... Continued on Back Page

Lonrho bid: Hattersley rejects monopolies reference

BY OUR CITY STAFF

LRONRHO's controversial £13m bid for Dunford and Elliott, the specialist steels group, is not to be referred to the Monopolies Commission... The decision by Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, goes against the weight of City opinion and it is not clear whether the Minister's view is consistent with the advice offered him by the Office of Fair Trading... The news that Lonrho's offer, which closes to-day, has been given the go-ahead, had no effect on the Dunford and Elliott share price at 89p, unchanged on the day, against the Lonrho offer of 75p in cash... Two other bids—both contested—are to be referred. They are the Associated Engineering offer for Serck, and the Sketchley bid for Johnson Group Cleaners... Last night Serck's price fell 5p to 88p... Market concern that AE might have had to increase the terms of its offer, which already stood to dilute AE's earnings per share, were reflected in a 5p rise in the AE price to 103 1/2p... Mr. Hattersley's decision to refer the £5m Sketchley-Johnson bid is no surprise, since both parties conceded that the proposed union would create a dominant force in the dry cleaning market... The disagreement arises over the size of that monopoly... Sketchley has put the figure at 22 per cent of the total, and Johnson closer to 40 per cent... Far smaller... What is beyond dispute is that the next largest chains are far smaller, and that total monopoly would be created in certain areas... Sketchley said it recognised that a reference had always been a possibility... It would be glad to give evidence to the Commission because a great number of conflicting statements have been made which we would be pleased to have clarified in a public forum... The Commission has been given five months to complete its report... News Analysis, Page 10

Lonrho bid: Hattersley rejects monopolies reference

British customers going abroad for a second source of supply... Fears expressed by Serck management and unions about future employment prospects, despite AE's assurances, may also have been a significant influence... Observers feel AE has not spelled out sufficiently clearly the benefits from the merger... Serck, which has forecast a 25 per cent increase in pre-tax profits to £2m, and an almost trebled dividend, has suggested that its efficiency would be impaired by being absorbed by a larger group... Mr. John Ferguson, chairman of AE, said yesterday that his Board would meet on Thursday, coinciding with the closing date of its offer, to consider whether it would be worthwhile pursuing the takeover through the Commission... Last night Serck's price fell 5p to 88p... Market concern that AE might have had to increase the terms of its offer, which already stood to dilute AE's earnings per share, were reflected in a 5p rise in the AE price to 103 1/2p... Mr. Hattersley's decision to refer the £5m Sketchley-Johnson bid is no surprise, since both parties conceded that the proposed union would create a dominant force in the dry cleaning market... The disagreement arises over the size of that monopoly... Sketchley has put the figure at 22 per cent of the total, and Johnson closer to 40 per cent... Far smaller... What is beyond dispute is that the next largest chains are far smaller, and that total monopoly would be created in certain areas... Sketchley said it recognised that a reference had always been a possibility... It would be glad to give evidence to the Commission because a great number of conflicting statements have been made which we would be pleased to have clarified in a public forum... The Commission has been given five months to complete its report... News Analysis, Page 10

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BELL'S SCOTCH WHISKY... the Scotch of the year and every year since 1825... ARTHUR BELL & SONS LTD. Estd. 1825 - One of the few INDEPENDENT Companies left in the Scotch Whisky Industry

Table with columns: Features, On Other Pages, FT Surveys. Features include India at the crossroads, U.K. technology, Flight plans for shuttle, Threat to U.K. carpets, Japan challenges car makers, Canadian Arctic gas, Report from Somalia, Brazilian industry. On Other Pages include Appointments, Serck, Johnson, etc. FT Surveys include Aquitaine, Canadian banking and finance.

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LOWEARD

A useful role for Mr. Hattersley

BY ANTHONY HARRIS

THE SECRETARY of State for Prices and Consumer Protection has been getting a bad press recently. It is no doubt very unfair that the Conservatives should get big headlines on a dull day by asking questions to the problem, any one of which would be more useful than trying to regulate the tides by administrative order.

Half-truth

As usual, economic purists have elevated a half-truth into a dogma. They become so accustomed to theorising about perfect markets that they forget what markets in the real world are often imperfect. Some of these imperfections are more or less inevitable, but some offer a field in which an ambitious minister could become active.

Centralise

Surely something could be done to centralise this burden beyond the necessarily brief bulletins on radio and in the Press. Some subsidy to Citizens' Advice Bureau or local consumer groups to provide local information services, or perhaps the publication of a daily guide to fair prices would save shoe-leather, and incidentally make markets more efficient from a theoretical point of view.

RACING

Bird's Nest is the nap

SELDOM CAN there have been a more open Champion Hurdle than today's running. Strong bets can be made for all but Flying Diplomat, Trus Lad and Monkfield.

- 2.30 - Checkov
3.05 - Bird's Nest
3.40 - Bird's Nest
4.15 - Tow Ship**
4.50 - Long Lane
5.20 - Mr. Straight*

BY DOMINIC WIGAN

GARDENS TO-DAY

Mildly extravagant and extremely bold

BY ROBIN LANE FOX

THREE DAYS of sunshine have made up my mind whether or not to do as much for my garden as I have done in the past. The rain, or for the small swamp flowering bulbs which are their which had settled in the corner.

Susianus

Among the less obvious kinds please note the bright gold which appears on too tall stems. Over the years yellow Susianus which appears to derive from South Russia, not Persia. Its petals are characteristically a case for choosing the dahlias pointed and are marked on their outsides with dark mahogany-like brown. The leaf, to descend to details, seems to me to have a particularly clear white-silver streaking down its centre. Perhaps I believe this only because the best for a vase indoors, has to descend to details with Susianus. It is so small that you must kneel down to examine it fully. It makes me glad to be a gardener again. Why? I wonder. It is known as the 'Crown of Gold' because when it is in full bloom, I can think of it as Crimmon myths, but perhaps it began with an over-stocked nurseryman.

Big bulbs

Having had my first good Nor, really, does boldness come into play with the summer garden. I have come to the conclusion, as I have hunted for the smallest traces of that little white-flower Cardamine which seeds, and keep perfectionists on their order this bulb, Galtonia Candida, while remaining pleasantly willing to be uprooted.

Local authorities are given go-ahead for lotteries

BY MICHAEL THOMPSON-NOEL

THE GOVERNMENT has given the go-ahead for local authority lotteries, but hopes that lotteries would mean lower rates were quickly dashed. The Association of County Councils claimed that the amount of money raised would be "derisory". The Association of District Councils described the move as too little, too late.

GLC welcomes U.S. delegates

MR. ILLTYD HARRINGTON, deputy leader of the Greater London Council, yesterday welcomed more than 500 conference delegates from the U.S. at a working breakfast.

New Ipswich to Rotterdam link

NORTH SEA Ferries have established a new cargo link between Ipswich docks and Europoort, Rotterdam.

TV Radio
Indicates programme in black and white.
BBC 1
6.40 a.m. Open University (UHF only) 4.15 For Schools, Colleges, 10.45 You and Me, 11.00 For Schools, Colleges, 12.45 p.m. News, 1.00 Pebble Mill, 1.45 Heads and Tails, 2.01 For Schools, Colleges, 3.00 The 60, 70, 80 Show, 3.45 Racing from Cheltenham, 3.55 Regional News (except London), 3.55 Play School, 4.20 The Wombles, 4.25 Jackanory, 4.40 The Great Grape Ape Show and Bailey's Comets, 5.00 John Craven's Newsround, 5.10 Out of Bounds, 5.25 Paddington, 5.40 News, 5.55 Nationwide (London and South-East only), 6.30 Nationwide, 6.45 High Adventure: 'The Flame and The Arrow', starring Burt Lancaster.

6.25 Crossroads, 7.30 This is Your Life, 7.50 The Streets of San Francisco, 9.00 Party Political Broadcast on behalf of the Labour Party, 9.10 News, 9.25 Sportsnight, 10.25 The Energy File: Whose Oily?, 10.35 Night, 11.25 The Sky at Night, 11.55 Weather/Regional News, All Regions as BBC-1 except at the following times: Wales-3.15-3.28 a.m. I Yagolon, Fenestril: Mae gen i grwbau, 5.10 Crystal Tipps and Alistair, 5.15-5.35 Ble Old..., 5.55-6.20 Wales To-day, 6.45 Heddiw, 7.10 Pobol y Cwm, 7.40-8.10 Young Scientists of the Year, 11.55 News and Weather for Wales, Scotland-10.23-10.43 a.m. 2.18-2.28 p.m. and 3.50 For Schools, 5.50 Reporting Scotland, Between 5.35-10.25 (Sportsnight) Curling and World Heavyweight

Lawyers' merger 'is only way to more efficient service'

FUSION of the two branches of the legal profession—barristers and solicitors—is the only way to give the public 'a more efficient and caring service', a barristers' group says today.

F.T. CROSSWORD PUZZLE No. 3331

Crossword puzzle grid with numbers 1-26 and letters A-Z.

ACROSS
1 Carrier crossing those who were late (6)
2 Steps Bill taking wine (6)
3 Paid player to dust further (7)
4 Figure there isn't a horse willing (7)
5 He works for another traveller (10)
6 Phoney half of Norfolk town (4)
7 Pester pieces the wrong way round (5)
8 Ice store broken into in secret (8)
9 Lively article one married (5)
10 Valley company given New Year honour (5)
11 Foot obtains can-opener by chance (4)
12 Trains regiment (5, 5)
13 Clash with officer at cover-point (7)
14 Cutter musicians noticed (5, 3)
15 Forces display to take a beating (8)
16 Unite to get side into a higher division (4, 2)
DOWN
1 Vehicle with work load (5)
2 Notice mud, right by fan (7)

RADIO 1
6.30 AM Stereo Phonic Broadcast
6.45 AM Stereo Phonic Broadcast
6.55 AM Stereo Phonic Broadcast
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New NHS charges 'may hit dentists' jobs'

THE 'SWINGING increase' in charges for National Health Service dentistry, which come into force on April 1, will act as a deterrent—and could lead to fewer jobs for dentists. A leading article in The Frobe, the monthly magazine of the General Dental Practitioners' Association, said yesterday.

Safety league for pits

A SAFETY league aimed at reducing pit accidents still further is to be started by the National Coal Board, Sir Derek Ezra, the Board's chairman, said yesterday.

Bid to stop council traffic wardens

A MOVE by a London council to allow any of its workers to enforce parking restrictions is being opposed by Britain's three motoring organisations. A clause in the Kensington and Chelsea Corporation Bill would give 'officers and servants' of the corporation the authority to issue fixed penalty parking tickets, they claim.

NHS call by Libera

AN INVESTIGATIVE detail of National Health administration was day by the Scottish.

Colliery to close after 120 years

THE 120-year-old colliery at Ford Green, treated in 1962 as a 'closed' colliery, is to be closed after 120 years.

Sperry Univac

Coming clean

by CHRIS DUNKLEY



Seymour and Mikhail Baryshnikov in the Royal Ballet's 'Romeo and Juliet', which opened last night at Covent Garden.

ent Garden Don Giovanni by MAX LOPPERT

his debut with the Royal on Monday, Bernard damped the music down, the orchestra on a leash. Lumps and bristles of tone, and such determination, that just assume he had "mis- the opera for a large house. Any visitor to the who had predicted passages in which the muscle and uncon- of fire of Haitink's onie conducting would magnificent reward—the grand adventure of of 2 sextet, each sombre of 2 minor majesty— have been surely dis- with the low-key bland- of their realisation. Apart minor disagreements, he a chivalrous accompanist arlas, though the pacing ch was linked to no- nt dramatic progression in the earlier—more first- in the full-blooded, y tone the strings brought accompaniment of Elvira's ive, there was a strong of dramatic savour and Elsewhere, of the supreme Horvath tone, supremely t to muster, of demonic, comedy, there was little rell-production, returns in strong e. The conductor's read- form—erect when the voice is ut surely come into its his summer, in the much- d Peter Hall production at bourne.

important new element in the cast is Michael Devlin, a blond, beanpole of a k damped the music down, the orchestra on a leash. Lumps and bristles of tone, and such determination, that just assume he had "mis- the opera for a large house. Any visitor to the who had predicted passages in which the muscle and uncon- of fire of Haitink's onie conducting would magnificent reward—the grand adventure of of 2 sextet, each sombre of 2 minor majesty— have been surely dis- with the low-key bland- of their realisation. Apart minor disagreements, he a chivalrous accompanist arlas, though the pacing ch was linked to no- nt dramatic progression in the earlier—more first- in the full-blooded, y tone the strings brought accompaniment of Elvira's ive, there was a strong of dramatic savour and Elsewhere, of the supreme Horvath tone, supremely t to muster, of demonic, comedy, there was little rell-production, returns in strong e. The conductor's read- form—erect when the voice is ut surely come into its his summer, in the much- d Peter Hall production at bourne.

Vampire by B. A. YOUNG

never yet seen a play by Wilson of which I wholly drift. On the other hand seem one that didn't ne laughing Vampires, a which is several years old hich has been furnished new third act for this tion, fulfils both of these lisations.

theme, insofar as a single runs through the three- less independent s, is explicitly stated in w act. "It's all gone, a meits, who may or may Pettie Hearst, "because friends with people: They ny blood." She has been away at the top of the in the New Gardens, where been joined by two punk in the first act the st of the three daughters Welsh curate seduces a who is about to marry her- sider. Sister poisons her- older shoots himself but destroys his sight, and the child is turned out of the in the second act. A girl is led astray by the of a cricketer lately killed e by a bounce.

stories are not so simple s, though. In the first act, ove inexplicably to a n's salon that doubles as hel, the characters putting w personalities that do not arly emerge from their al ones. In the second ed to take place in 1914, fighting at Passchendaele sady going on) the people into the Virginia Mary, and b and enact for no good the birth of Our Lord, as vampire teeth. In the act the mechanics of ung Miss Hearst in a coffin the air are displayed ally. I suppose, to confuse d if we were not confused h already, Enoch Powell ses from the coffin with a

Radio 3 Tamburlaine by RONALD CRICHTON

Iain Hamilton's *Tamburlaine*, broadcast in stereo on Monday, Babylon, and *Tamburlaine*, by the BBC, conceived for radio—not an opera which happened to have a premiere on the air. Hamilton has condensed Marlowe's two plays *Tamburlaine the Great* into a single long act playing for just under an hour and a half. The monster-conqueror, whose physical endurance, generalship and lust for dominion have pushed him as far as the borders of China, is finally overtaken there by death. At the moment of dying, he relives episodes from his career in a series of flashbacks.

The method, a well-tried one, is useful for reducing Marlowe's sprawling, multi-coloured canvas to a small frame, and suitable for the theatre of the air, where the mind can range freely—or at least it can do so if the words defining time and place are audible. As both *The Royal Hunt of the Sun* and *The Colliery Conspiracy* have shown, Hamilton thinks deeply about the setting of words and takes pains that they should come across.

A listener provided with vocal score and libretto is perhaps not the best judge of audibility, but can attest that the singers' diction in this performance was very good, that the composer has once again succeeded in highlighting the words. He has also, as he omitted to do in *The Royal Hunt* (but achieved to the extent required by the subject in *Colliery*), provided lyrical relief.

In fact, the straightforwardly sensuous attractiveness of the lyrical writing are the only hazard to the intelligibility of *Tamburlaine* sustained vowels always being a potential obstacle to saying unfamiliar words. These phrases, however, are not the ones which carry the action, and in any case, since Hamilton has firmly and not unsuccessfully incorporated in his text a number of Marlowe's lines, some of them—"Is it not fine to be a King?" and "To entertain divine Zenocrate"—among them—are already familiar.

The episodes treated concern mainly the subjection of Cosroe, King of Persia, the humiliation

Television

During *Penultimate*'s recent programme on the state of British prisons, a voice kept coming into my mind to speak in counterpoint to that of reporter Tom Mangold and those of the prisoners whom he interviewed. As Mangold asked about the overnight "staps" bucket, and the prisoner bemoaned the embarrassment of using it in front of others, the voice nipped in to say "this is supposed to be a prison, you know, not the Ritz."

Later, when one of the prisoners complained about the tedium of painting tatty wall plaques, and Mangold asked, with the aplomb which seemed to break through several times when he spoke to prison officers, whether this work was really believed to be "creative" and help in rehabilitation, the voice in my head suggested dryly that if prisoners did not like life inside, perhaps they should think a bit more about it before breaking the law. And so it went on.

I have no doubt that what came across from the programme to a great many people was a modish clever-dick of a reporter who wanted prisons made softer and softer ("Three square meals a day, central heating, and all they've got to watch the telly") and a reporter, moreover, who appeared to be sneering at men who are paid badly for doing a rotten job on behalf of the rest of society: the prison officers.

Certainly it was to that image that the voice in my head was responding. It kept on pointing out the absence of the views of victims. It was actually the voice of my mother, but I suspect that it also represented something very close to the authentic voice of the British public. After all, we know from countless surveys and polls that if the citizens of this great democracy had any say in the matter, capital punishment would be reintroduced to-morrow.

As it happens I abhor capital punishment and I suspected as I watched "The Crisis Inside" that my views on the idea of imprisonment and the efficacy of today's prison system were probably indistinguishable from Tom Mangold's own views.

But I had to wait until the publication of *The Listener* to be quite sure of that. Mangold's article left no room for doubt or misinterpretation: "I happen to think sex offenders ought to be locked away from society, but



'Goodbye Longfellow Road' (Yorkshire TV)

Wigmore Hall Andrzej Malinowski

Polish Week at the Wigmore Hall began on Monday with a recital by the 28-year-old bass, Andrzej Malinowski. Now on tour at the Lyceum Opera, this young singer has a fine, secure even in scale, keenly focused and black-coloured, the kind of *passo profondo* that rarely seems to grow west of the Oder. If his interpretative skill is not yet fully developed, he has especially in Polish or Russian music a good feeling for style.

Such power and resonance is obviously most at home in the opera house, but Mr. Malinowski judged the amount of sound necessary in the Wigmore Hall rather cleverly, scaling down his tone for a group of Schubert songs. Of these "Die Kräh" from *Die Winterreise* was the most interesting, perhaps because of the excellent match of tone-colour to the plumage of the hell-gull "Hallen" from *Die Zauberflöte*—it was again the

notion was consequently introduced that programmes should present subjects "objectively." The trouble is that this ignores the fact that the very system of selecting subjects for programmes is itself a subjective one, depending upon somebody's opinion of what is and what is not important—never mind the equally subjective process of selecting and rejecting interviews or particular lengths of film within any individual programme.

Broadly speaking the same "objectivity" rule has been adopted by ITV, though looking back over the last few years it does seem that there have been more exceptions within ITV than in the BBC: programmes by Auberon Waugh, John Pilger, and Ray Gosling come to mind, and all were products of the commercial network.

Yet all of them have, quite clearly, been exceptional—and seen as such by ITV, and they do not appear to have been leading to any general change of attitude. On the contrary, it is in ITV more than the BBC that we have recently been seeing examples of the narrowest of attitudes: it is practically no distance at all from that sort of concealment to the concealment of method.

Put in a more positive form, what this means is that if you require broadcasters to hide one sort of thing from the viewer, you should not be surprised if they start hiding others—and in the end even deliberately making things seem what they are not.

For instance, the Yorkshire TV programme *Goodbye Longfellow Road* opened with a glibly virtuosic brouhaha in which it looked as though a couple of particularly loutish balliffs were browbeating an evicted family and squatter friends and in particular YTV's own camera crew. Yet it is possible to imagine a sitting room in which a family suffering servants of the council of the public in other words, a highly unconvincing and finally came to the end of their rather on being required to do it right under the eye of the camera. The viewer was in no position to judge, though, in an accusatory tone of the question- ing from an unseen reporter was clearly suggesting that these were pretty unpleasant men.

Then we watched as squatters broke into an empty house. The odd thing was that we watched from inside the house as they broke down the corrugated iron sheets. YTV's cameraman and sound man had apparently got in without needing to break down those iron sheets—or had we by then switched from verité to re-enactment? Nobody explained.

This is not to suggest that *Goodbye Longfellow Road* was a worthless programme; on the contrary, it seems to have highlighted a particularly nasty little empire leeching on the under-privilege (not to mention a purblind GLC). But it is to say that viewers could have done with more information.

The very structure of the programme would have been improved by a spot of explanation: what was the order of events—journalistic investigation into misuse of public money, followed by filming of an odd selection of local people or, (as seems more likely) a long time spent not alone in failing to detect anything in the least mystifying or baffling about it.)

The questions all concerned which bits of the programme were un-staged, which were staged, and which were re-staged for the cameras. When I expressed my doubts at a preview of YTV's Press office kindly forwarded me answers—but they hardly filled the need. I am afraid that all his views were un-managed and which bits were actually, in fact that is the general tone in television documentaries—for producers to come clean: about the credentials of their reporters and, if necessary, production teams and about the extent of any manipulation they considered necessary.

Cheltenham Music Festival

There will be five first performances in this year's Cheltenham Festival (July 1 to July 10): two are for symphony orchestra and open each of the concerts by the Scottish National Orchestra who will appear at the festival for the first time. Et an *Andante* Ego is by a young Scots woman, William Paterson (the concert is given with the generous support of Marks and Spencer) while the SNO's second concert begins with a new work by the Welsh composer, Alun Hoddinott. The other new works are all by Englishmen: Jonathan Harvey has written a new work for the London Sinfonietta, *Inner Light 2* (commissioned with the support of the Macfarlane Walker Trust); Gordon Crosse has composed a work for Sarah Francis to play with Bobo de Saram; and Richard Orton has written a new number, *Chansons Perdues*, for the Llandini Consort's *The Pursuit of Love* at the Pittville Pump Room.

Two other English works in the festival are *Third Symphony* by Sir Lezardus Berkeley, the festival's new president, and John Taverner's new opera, *A Gentle Spirit*.

The BBC Northern Symphony and Royal Liverpool Philharmonic return to Cheltenham and the New Philharmonia (with financial support from IBM United Kingdom), will appear for the first time.

Georgy Pauk, Ralph Kirshbaum and Peter Frankl are among artists who return to Cheltenham with morning performances of all Beethoven's piano and cello sonatas and an evening concert of piano trios, Kathleen Livingstone and



Max Wall and Gayle Hunnicutt in 'Twelfth Night', which opened last night at the Greenwich Theatre.

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EUROPEAN NEWS

Polish police probe demanded

WARSAW, March 15.

WARSAW University students have sent a letter to Parliament demanding a new inquiry into allegations of police brutality, dissident sources said today.

The letter, signed by some 730 students, demands an investigation of charges that police tortured workers who were arrested after riots in Radom and Ursus over food price rises last June.

"Institutions created to guard the law should themselves be subject to controls," the students added. Dissident sources said 20 workers are still in jail for participating in the riots. Fifty-eight were released last month. UPI.

Bonn protest underlines detente dilemma

BY LESLIE COULT

BERLIN, March 15.

WEST GERMANY'S protest over its refusal to allow West Germans to visit relatives in East Germany who have applied to be legally reunited with them in the West underlines the dilemma that detente provides for the West German Government. Bonn is unable to force East Germany to accept certain aspects of humanitarian agreements which the Communist leadership believes are a threat to its stability.

Hundreds of people with relatives or friends in East Germany have been refused permission by East German border officials to travel to Leipzig, where the Spring Trade Fair is now in progress. The biannual fair has for years been an event during which many thousands of West Germans met their East German relatives.

and the four-power Berlin agreement establishing visiting rights for West Berliners in East Germany. Leipzig has continued to function twice a year as a meeting place for Germans from both sides of the border.

Purchase of an admission card to the fair entitled them to be granted a visa at the border, a far simpler procedure than is normally the case. Even with the implementation of the 1971 basic relations treaty between Bonn and East Berlin,

A new situation has now developed as a growing number of East Germans, estimated to be well over 100,000, have applied to be reunited with their relatives and fiancées in West Germany. Most of these applications have been rejected by the East German authorities and the receipt of new ones is not being acknowledged. Some 4,000 East Germans, though, have been reunited each year with their families in the West under the humanitarian sections of the basic relations treaty.

This has served to raise the hopes of many more East Germans who want to leave the country. Early this year East Germany began refusing entry to large numbers of West Germans whose relatives have applied to join them in the West. Another category of West Germans being barred consists of former East Germans who now live in West Germany.

Big forgery ring broken in Portugal

By Diana Smith

LISBON, March 15.

THE PORTUGUESE authorities have uncovered a ring of forgers and seized 108m. escudos (\$1.5m.) in forged Mozambican escudos—the largest sum of false currency ever discovered in Portugal and one of the largest anywhere in the world.

Eleven men have been arrested—nine of them refugees from Portugal's former colonies. A police spokesman said yesterday that the forgers' intention was to flood Mozambique with false notes so as to destabilise its economy.

The Portuguese police have been on the trail of the ring for some time, since South African customs authorities discovered 10,000 false Mozambican notes in a food freezer compartment of a Portuguese airline plane at Johannesburg Airport. It was apparently the intention of the forgers to use Mozambicans working in South Africa's gold mines as carriers for the notes.

Discovery of the forgery ring is seen by observers as further proof that a group of refugees, backed financially by members of the Portuguese extreme Right who once had lucrative interests in the former colonies, are prepared to go to expensive lengths to prevent Communist-backed regimes in Angola and Mozambique taking root, and hamper discreet efforts by the Portuguese Government to improve diplomatic relations with those countries.

Basque mayors urge total amnesty

BY ROGER MATTHEWS

MORE THAN 40 mayors of cities throughout Spain's Basque region to-day made a joint appeal to the Government to implement an immediate and total political amnesty. The freeing of all political prisoners, the majority of whom are Basque, was the first step towards restoring peace in the region, they said.

Special urgency has been added to the plea by the mayors because of signs that the Government is having increasing difficulty in restraining the paramilitary Guardia Civil and some sections of the riot police.

The hostility between the Basques and the security forces has deep historical roots, but according to some observers is now reaching a potentially dangerous situation. The mayors added that while the issue of the amnesty hung "like a sword of Damocles"

over the Basque people there was no way in which they could consider participating in a more democratic system. Throughout to-day the Cabinet met to discuss the final terms of the electoral law that will govern the general elections promised before the end of June. Indices swung in favour of locating more seats for the Lower House of Parliament on a fixed number per province, leaving relatively few to be distributed solely according to population. Such a decision is sure to draw bitter protests from left-wing parties who fear that the Right

would benefit strongly from its supposed control. However, it is violence which dominates the front page of the Spanish Press will be cast today. Photographs have shown some people, accused of being in the killing blue shirts of the Falange, amid growing evildoers were closely linked parties who fear that the Right

MADRID

Demand for devolution spread

BY A SPECIAL CORRESPONDENT

THE VERY diversity of Spain is going to prove the greatest problem for any democratically elected Government. Nowhere is that diversity more evident than in the regions.

control, and of having to go cap in hand to Madrid to ask for permission and money to run their own affairs.

Much has been made recently of the regional demands of the Basque country and Catalonia. These areas have very clear-cut identities and are in the forefront of the movement for greater autonomy. They are also the two richest regions next to Madrid, and, as such, can claim that they can to a large extent stand on their own feet. But their lead will surely act as an example for many of the other regions. They also have a strong dislike of centralised

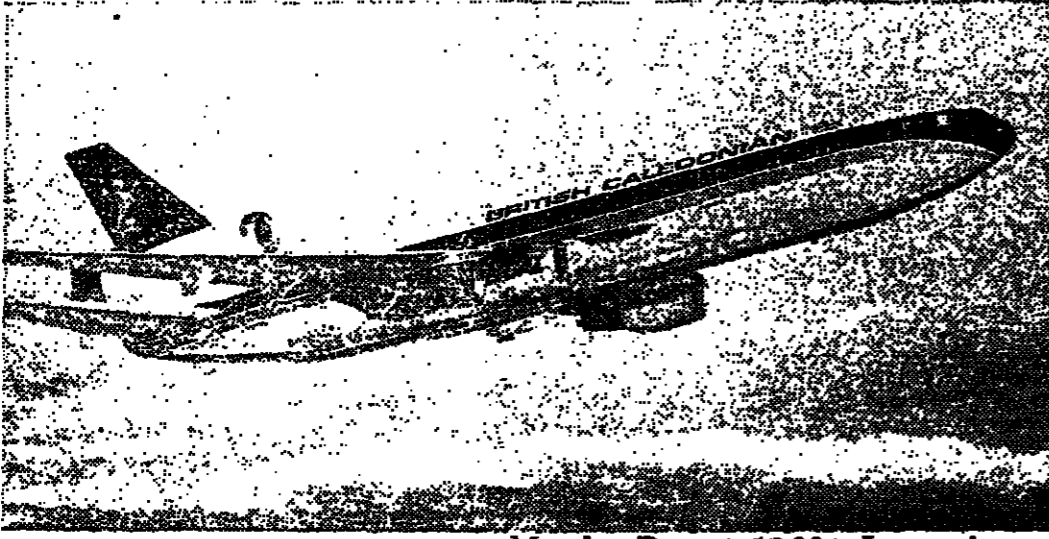
Two regions, Galicia in the far North West and Andalusia in the South West, mirror this growing tide of regional aspiration. Both went to the nationalist side at the start of the Civil War—though it was not known for its sympathies towards the Government. Both have some good natural resources, which have not been properly utilised, and both have now been singled out by the Government as priority areas for new industry.

They are physically very different from each other, as are their peoples. Galicia is made up of four provinces: La Coruña, Lugo, Orense, and Pontevedra. It has its own language, similar to Portuguese, though since the civil war it has been stifled in favour of the national language of Castilian Spanish. While the land has no means as bleak and rugged as the neighbouring region of Asturias, Galicia has its fair share of granite hills, moorlands, and pine forests.

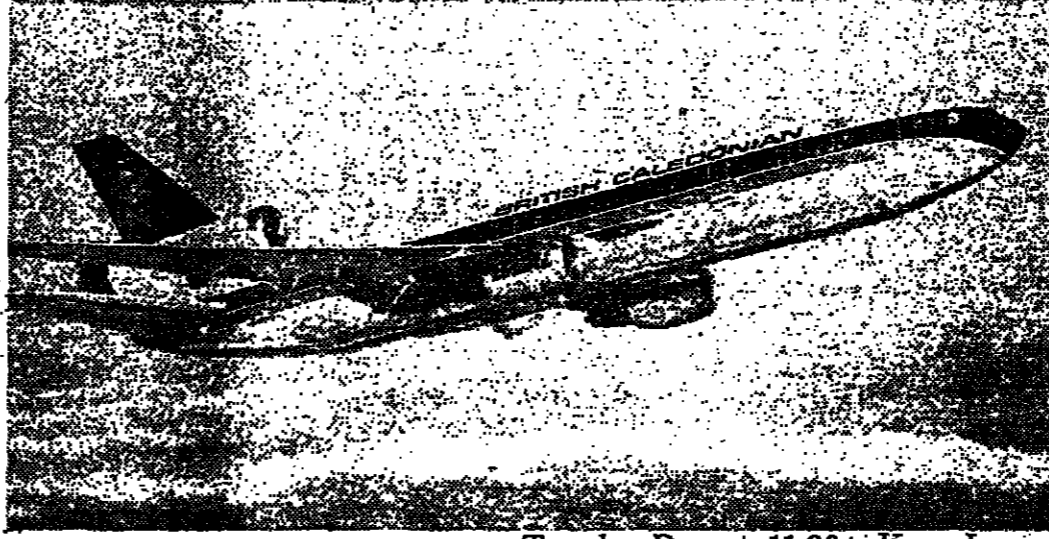
The pine forests have proved a doubtful asset. The wood is cut and used for construction purposes throughout Spain, but many of the timber companies that come to Galicia bring their own people, and so do not provide work for the locals. Many of the forests were planted on the orders of Franco after the Civil War, and thus covered over former agricultural land. Last year there were a number of forest fires, which nobody has any doubts were acts of arson. Some believe they were started by people wanting to buy the burnt-out land cheaply; others think they were lit by people protesting against the use of outside workers.

is a common problem of Andalusia of last summer. The water supply to the water supply frequent. The irrigation has not been better. The vast areas of farm land it not used in its favour of the national language of Castilian Spanish. While the land has no means as bleak and rugged as the neighbouring region of Asturias, Galicia has its fair share of granite hills, moorlands, and pine forests.

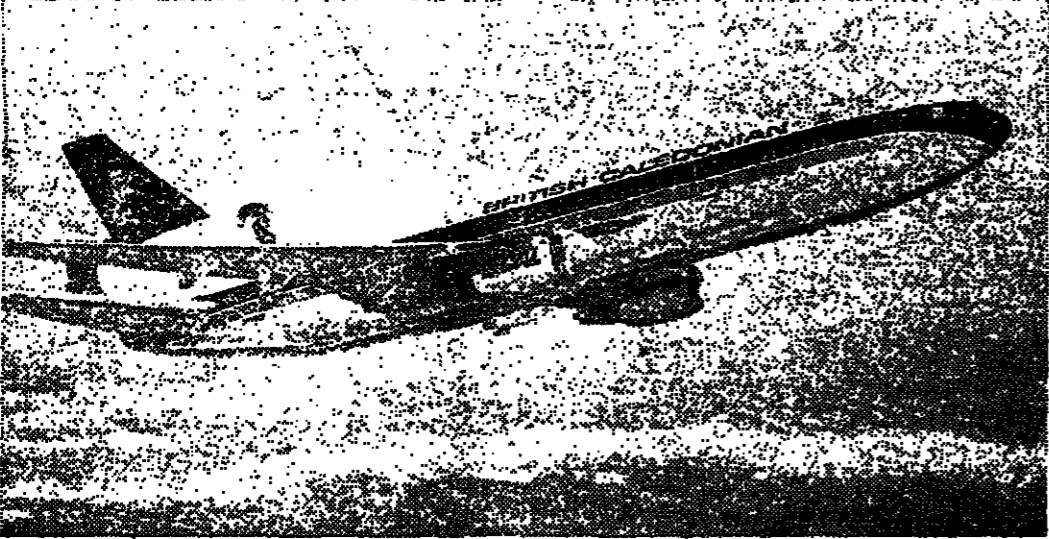
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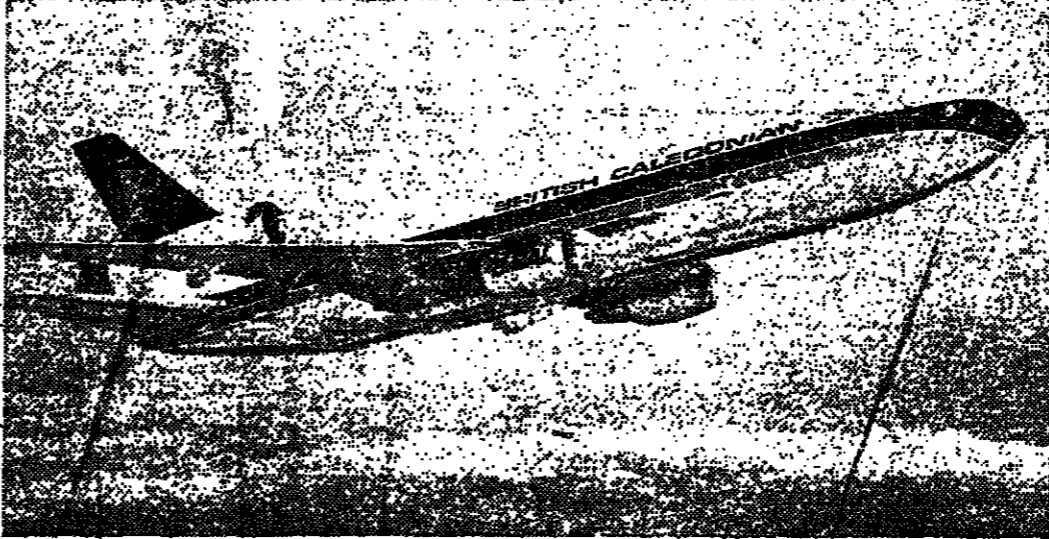
Monday: Departs 12.00 to Lagos, Accra.



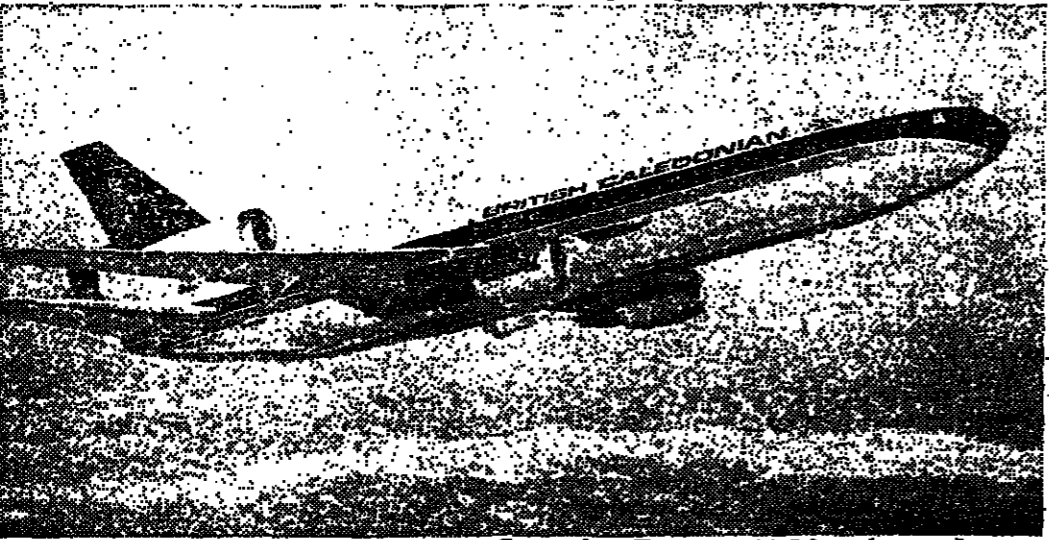
Tuesday: Departs 11.30 to Kano, Lagos.



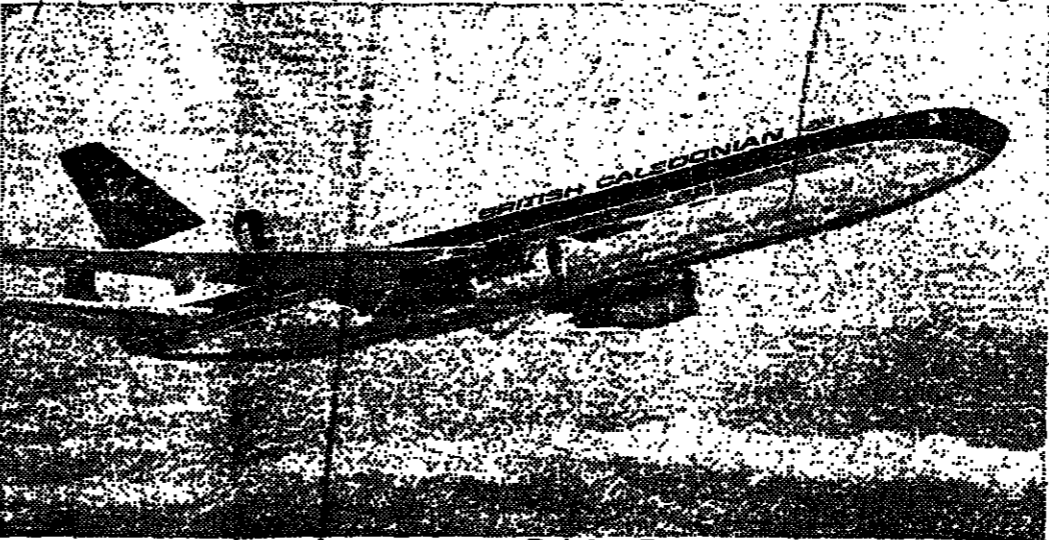
Wednesday: Departs 12.00 to Lagos, Accra.



Friday: Departs 11.30 to Kano, Lagos.



Saturday: Departs 11.30 to Accra, Lagos.



Sunday: Departs 11.30 to Kano, Lagos.

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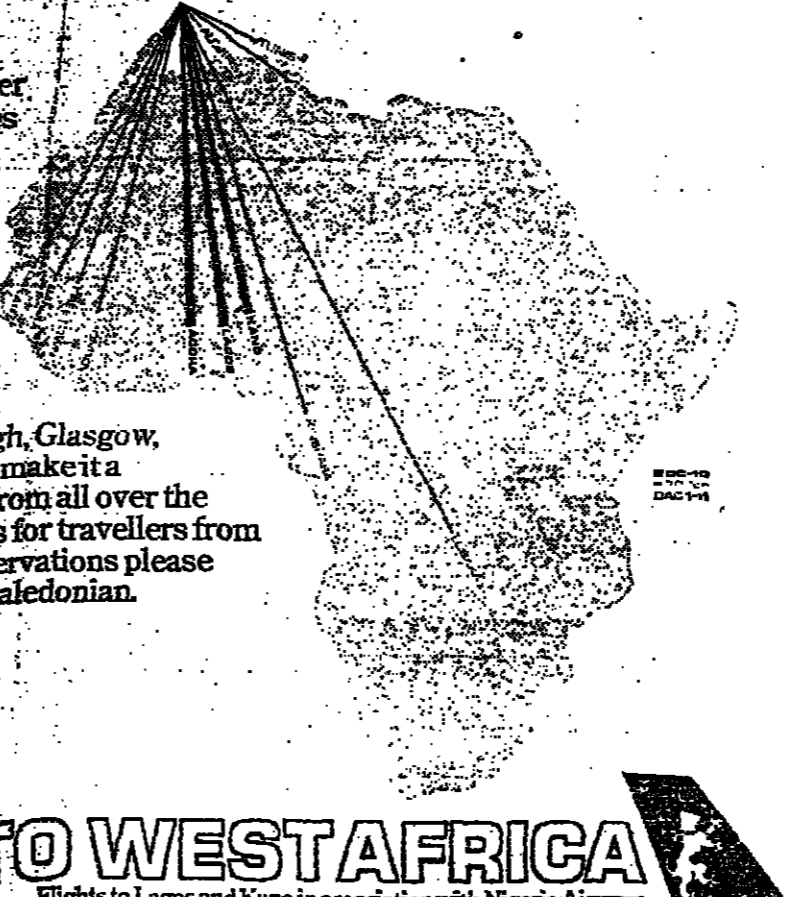
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Jewish dissident arrested in Moscow

By David Satter

MOSCOW, March 15. NATOLY SHECHARANSKI, a Jewish spokesman and active member of the committee to monitor Soviet oppression of the Helsinki accord, as arrested today by at least eight KGB plain-clothes men inside the home of Jewish dissident Vladimir Slepak.

The seizure of Mr. Shecharanski, apparently the third member of the Moscow Helsinki group to be arrested in the last six weeks, came only moments after it was learned that Mikhail Shtern, a Jewish doctor and dissident whose 1974 conviction in Vinnitsa came an international cause célèbre, had been set free.

Mr. Shecharanski had been a political prisoner in Mr. Slepak's flat for the past two weeks. The KGB men sitting on the landing above the apartment in a car below, and following him everywhere when he went out.

Mr. Shecharanski left his flat today accompanied by Mr. Harold Piper, Moscow representative of the Baltimore Sun, and Mr. Slepak in an attempt to see whether the decision to free Dr. Shtern lifted the pressure on him.

As he left the apartment, the KGB men came running up from an upstairs landing, charging, one of them shouting that only two of those accompanying Mr. Shecharanski should go into the lift.

Mr. Slepak and two of the KGB men began to walk down the stairs and Mr. Piper, Mr. Shecharanski and I rode down the lift with the two remaining KGB men.

When we arrived on the ground floor and walked to the entrance of the building, four plain clothes men in through the front door, rounding Mr. Shecharanski and the two of us.

Mr. Shecharanski and I rode down the lift with the two remaining KGB men. Before he was seized, Mr. Shecharanski and other Jewish dissidents had been exultant at the release of Dr. Shtern.

Mr. Shecharanski, however, said it was entirely possible that a major espionage trial was still planned and let authorities be released. Dr. Shtern to prove to the world that they are not anti-Semitic.

French coalition facing disquieting jobs situation

By Robert Mauthner

PARIS, March 15.

THE French unemployment situation, which is a key to the ruling coalition's prospects for next year's general election, remains disquieting—with a rise of 1.2 per cent over the 12 months—and probably contributed to the widespread gains of the Left in last Sunday's first round of the municipal elections.

According to the latest official figures, the number of unsatisfied applications for jobs in February reached the seasonally adjusted record figure of 972,400 compared with 944,700 in January, a rise of nearly 3 per cent, and 929,000 in December. The previous record of 966,000 was in June, 1975.

Though there was a slight fall in the crude figure—1,058m. in February compared with 1,068m. in January—the reduction, normal at this time of the year, was considerably less than the drop during the period last year.

Another cause for concern is

that as many as 48 per cent of the applicants for the jobs were below the age of 25 and that more than 45 per cent had been looking for work for periods of three months to a year.

The high rate of unemployment, which is unlikely to be reversed until the autumn on the most optimistic assumptions, is the price which Prime Minister Raymond Barre has had to pay for success in other fields, such as the fight against inflation.

Last year's price freeze, which ended on January 1 in the private sector but continues in the public sector until the end of this month, and the reduction in the standard rate of value added tax at the beginning of this year brought the rise in the official cost-of-living index down to only 0.3 per cent in January. However, even the Government predicts a progressive increase in the rate of inflation over the next few months.

Other economic indicators also

do not justify any excessive optimism about the French economic situation in the coming months. Last year's current account deficit of Frs.27.5bn. (about £2.2bn.), which has just been announced and is large by French standards, was mainly the result of the trade deficit of more than Frs.20bn., which on a monthly basis has now begun to decrease. However, though down in February from January's Frs.2.38bn., it is estimated to be not far short of Frs.2bn.

Industrial production is tending to stagnate, industrial stocks are beginning to rise again and investments remain weak. According to the Bank of France's latest monthly bulletin, there continues to be a substantial margin of excess capacity in industry as a whole and little sign of an improvement in productivity. The great exception is the motor industry, which is booming.

EEC talks on minimum steel prices

By David Buchan

BRUSSELS, March 15.

THE POSSIBILITY of minimum reference prices for certain finished steel products is to be discussed by the full EEC commission to-morrow, when Viscount Etienne Davignon, the EEC Industry Commissioner, is due to unveil more of the thinking behind the plan for European steel which he is preparing.

The reference prices, which would cover the six products on which the commission has already set voluntary sales quotas for the first six months of this year, would simply be published in the EEC official journal, and companies could not be penalised for disregarding them. But Viscount Davignon evidently feels that it would have a beneficial effect on the market, although steel consumer groups (including, it is understood, the Confederation of British Industry) have complained about the idea.

The commission is even thinking of setting compulsory minimum prices on reinforcing bars, because the sales quotas on this product are not being obeyed. But such a step would almost certainly require approval from the council of ministers.

Also on to-morrow's commission agenda is the question of introducing import licensing. This would amount to a form of administrative harassment and help to remove the fears of steel companies that, if they were to stick to the minimum reference prices, they would not be undercut by floods of imports.

To-morrow's meeting is only one of a series that Viscount Davignon is having on his steel plan, which he hopes to have ready for discussion by the European summit in Bonn at the end of March, and completed in early April.

Turkey to drill for oil in the Aegean after 'positive' soundings

By Metin Munir

ANKARA, March 15.

TURKEY IS to drill for oil in the Aegean Sea, Mr. Selahattin Kilic, the country's Minister of Energy and Natural Resources, announced today that bids have already been received from companies to drill in three selected points.

"The bids will be evaluated in the shortest possible time and drilling for oil will begin," he said.

Mr. Kilic said "positive results" had been obtained from the soundings undertaken last summer by the Turkish State survey vessel Sismik 1. He said these soundings brought Turkey and Greece, which have conflicting claims to large tracts of the Aegean, close to armed confrontation.

Mr. Kilic referred to the Aegean in passing while denying local news reports of impending crude shortages and problems with Iraq, Turkey's major supplier of oil.

If Turkey has decided to drill in areas claimed by Greece, a major crisis will certainly erupt, Mr. Kilic, however, did not specify where or when the wells would be opened, or which companies had bid to drill.

Observers presume that the companies are foreign, because there are no Turkish companies capable of off-shore drilling. They thus also presume that the wells will be sunk in uncontrolled regions, as no foreign company would undertake an operation which might lead to hostilities between Turkey and Greece.

After last summer's crisis Turkey and Greece had agreed to open negotiations on the apportioning of the Aegean Sea continental shelf and to refrain from provocative activity.

Our Athens correspondent writes: There was no official reaction here to the Turkish announcement. The Greek government assumes that drilling will be outside contested areas, not only because no international oil exploration company would undertake work in disputed areas, but also because Greece and Turkey agreed in Berné last November to refrain from acts which could jeopardise their talks on the dispute over territorial rights in the Aegean.

Observers here were sceptical concerning the positive results reportedly obtained by the Turkish exploration vessel last summer. The latest appraisal of the oil deposits discovered by a consortium of American and European companies off the north Aegean island of Thassos late in 1976 has confirmed the original estimate of 25,000 barrels a day. The Greek Minister of Industry, Mr. Constantine Komfagos on various occasions explained that from all indications the seabed of the Aegean is fragmented because of innumerable geological faults, making the exploitation of any oil deposits there difficult if not commercially unprofitable.

Diplomats observers here believe the Turkish moves including a possible further visit of the Sismik to the Aegean later this year may all be part of political manoeuvring with a view to the forthcoming elections in Turkey.

The Greek government is waiting for a reply from Ankara to a note it sent last Saturday concerning Turkish manoeuvres planned in the Aegean from March 21 to 27. The Greek view is that although they will be held in Turkish and international waters and airspace the manoeuvres are scheduled in such a way they may hamper navigation and air traffic in the area.

Government spokesman said today there was no reason for concern.

Chirac and d'Ornano agree poll tactics

By David Curry

PARIS, March 15.

THE FINAL round of France's local government elections next Sunday will see a straight confrontation between Government supporters and Opposition both in Paris and in the provinces.

Both Government and Opposition coalitions respectively have reached agreement within their own ranks to support a single list of candidates in those towns, notably Paris, where they fought "primaries" in the first round.

In Paris, M. Jacques Chirac, the Gaullist leader whose party was the best placed in the Government coalition parties in 11 of the capital's 18 electoral districts after Sunday's vote, and the man he defeated, the "official" Government candidate M. Michel d'Ornano, whose Independent Republican supporters polled more heavily than the Gaullists in six districts, reached agreement this morning on tactics for the second round.

M. d'Ornano, in practice, conceded the battle for the majority of Paris to M. Chirac, but suggested that his own party should have the right to fill the No. 2 post in City Hall, the powerful finance directorship. Other jobs would be filled in rough proportion to final voting strength. M. Chirac has not responded to these proposals on the share-out of the spoils deemed them "premature" until the

second round has been decided. Each man, however, has agreed to give the others a clear chance of pushing their total up to 50 by the close of Sunday's voting.

A clutch of towns in the West where the Left scored its most dramatic gains in the first round—advances including Le Mans, Rennes, Saint-Brieuc and Nantes, as are some majority held towns in the east—where the Gaullists, including Saint-Etienne, whose current preoccupation is less the fate of the incumbent mayor and Junior Finance Minister, M. Michel Durafour, than that of "Les Verts", the local football team, which to-morrow faces Liverpool on Merseyside in the second leg of their European Cup match defending a slender 1-0 lead.

With the Government forces burying the hatchet (albeit in a shallow grave) the union of the Left was quick off the mark in announcing its own decision to support single lists in the 20 or so towns where they were in combat in the first round. With

33 towns of more than 30,000 inhabitants already won in the first round they stand a good chance of pushing their total up to 50 by the close of Sunday's voting.

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Faroes fish curf delayed

By Robin Reeves

BRUSSELS, March 15.

THE THREAT to British fishing off the Faroe Islands receded here today when Faroese leaders agreed to postpone implementation of new string conservation measures, pending consultations with the EEC.

The postponement was announced as a new Faroes-EEC framework fisheries agreement was formally signed by Mr. John Silkin, in his capacity as President-in-office of the Council of Ministers, and Mr. Atij Dam, Prime Minister of the Faroes Government.

The Faroes announced last week it was introducing conservation measures with effect from today to restrict the total EEC catch to 1,000 tonnes of cod and haddock over the next six weeks. This compares with some 7,000 tonnes of the two varieties in the first four months of last year by U.K. fishermen alone. In January and February an estimated 48 British trawlers, the majority of them from Scotland, were fishing in the waters concerned.

Discussions on the proposed conservation measures got underway immediately between Faroese representatives and the Brussels Commission. Mr. Silkin said that no deadline had been set for the completion of consultations and that a further round might be necessary. "But what looked like an ultimatum, no longer is."

New Yugoslav Premier

By Aleksandar Lebi

BELGRADE, March 15.

MR. VESELIN DJURANOVIC, the chairman of the League of Communists, was approved today by the Yugoslav federal Parliament and sworn-in as the new Premier and President of the Federal Executive Council. No change was made in the cabinet of Premier Dzemal Bijedic.

In an address to Parliament after the election, Mr. Djuranovic stressed that his Government would continue the same internal and foreign policies. It would further develop Yugoslavia's unique system of workers' self-management and its non-aligned foreign policy, he said.



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Consolidated turnover at December 31, 1976 for the entire BSN-Gervais Group, on the basis of provisional data, totalled Frs.11,656 million as against Frs.9,987 million for the corresponding period in 1975, representing an increase of 16.7%.

For a comparable structure and exchange rate for the two financial years, the increase would have been of 14.1%.

	1976 Turnover (in Frs. m.)	Variation 1976/1975	Variation for a comparable exchange rate and structure
Food	6,487	+10.2%	+10.7%
Packaging	1,580	+13.3%	+12.6%
Flat Glass	3,589	+32.6%	+22.2%
	11,656	+16.7%	+14.1%

In the Food division, sales at comparable exchange rate and structure increased by 16% for the "Drinks" division, 11.4% for the "Fresh products" division and decreased by 1.5% for the "Dried products" division.

For the Packaging division, the increase totalled 15%, before elimination of internal transfers to the Food division.

Sales for the Flat glass division increased by 22%.

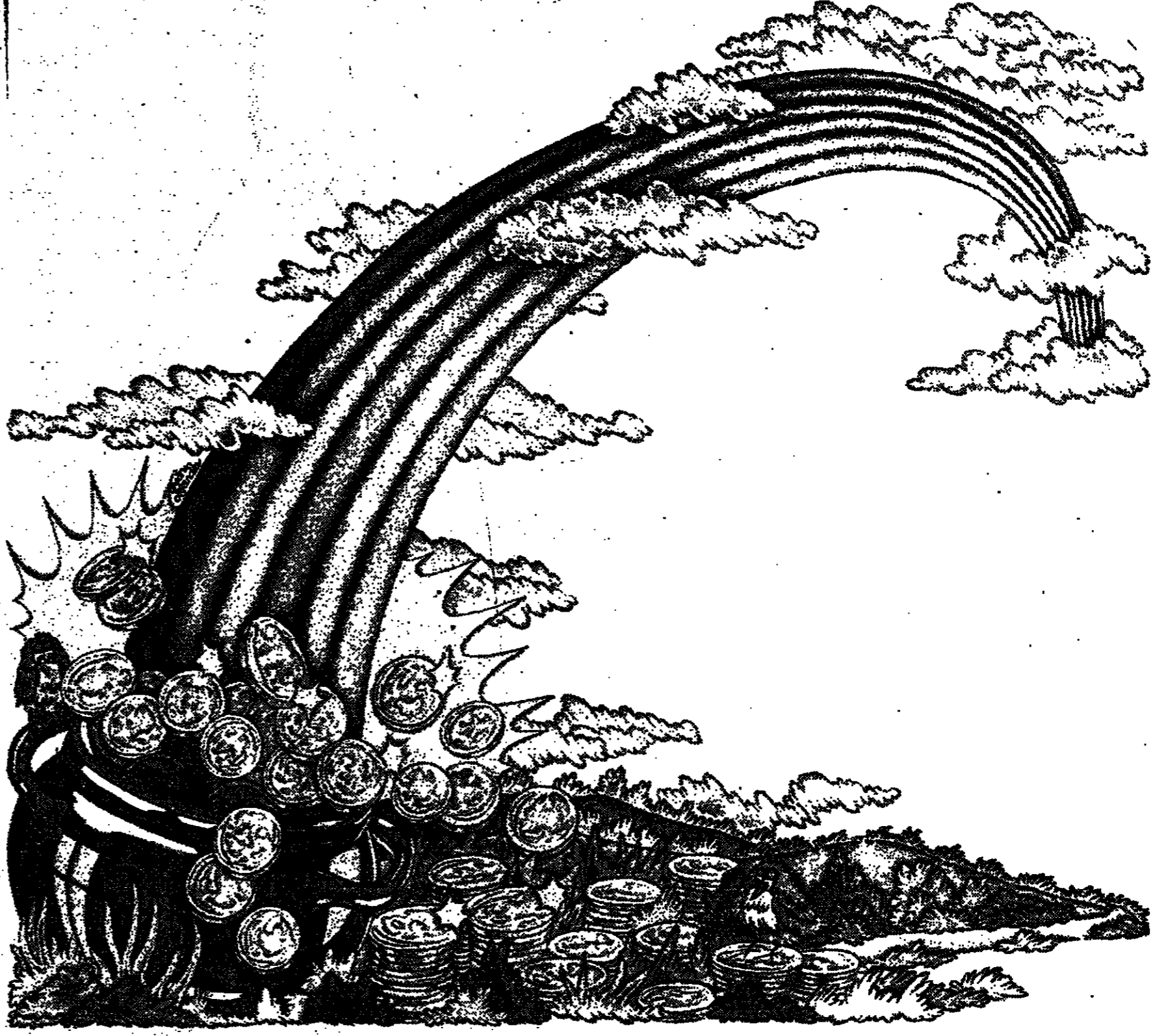
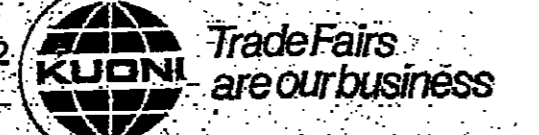
Hanover Fair '77 for decisive contacts 20th-28th April

DAY VISITS allowing a full working day at the fairground: from LUTON airport Thursday 21st April from GATWICK airport Tuesday 26th April £59 per person inclusive of return jet flights, transfers and entrance ticket/catalogue voucher.

PACKAGE TOURS inclusive of return scheduled flights from London HEATHROW, season ticket/catalogue voucher and overnight accommodation in central Hanover hotels from £102 per person.

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In today's economic conditions, the pressure is on industry to invest—to ensure productivity and provide employment. But, tough competition and price restraint mean that the profits to fund such investment must be found in the areas of greater efficiency and trimmed costs.

And, more and more industrialists are achieving these, simply by introducing electricity for some of their processes. We know well enough you won't be convinced by anything except facts and figures, so here are just some—in brief.

Using electric induction furnaces, a heating manufacturer saved 30% on melting costs. A similar investment increased a hydraulic company's productivity by 25%. A spring-maker virtually eliminated a reject rate of 5%. And a similar result was achieved by a plastics coating firm—who estimated that their electric compressed air drying investment was repaid in 7 weeks.

Better products. Lower unit costs. These are the positive benefits electricity is bringing to many firms.

Not forgetting the advantages of being cleaner, quieter and simpler than a fuel that has to be burned.

Talk things over with the Industrial Sales Engineer at your Electricity Board. The sooner you do, the more you'll gain.

INVESTELECTRIC

The Electricity Council, England and Wales.

AMERICAN NEWS

Blumenthal says reflation key London summit topic

BY JUREK MARTIN, U.S. EDITOR

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, believes it is "too early to tell" if U.S. pressure on Bonn to stimulate the West Germany economy is having any success.

In an interview in his office last night with a small group of journalists, Mr. Blumenthal stressed that "we have been making our views known since January," the main one of which is that it is the responsibility of countries with payments surpluses to speed up their own economic growth so as to encourage a more rapid worldwide recovery.

The Treasury Secretary said that a "general consensus" was emerging among the industrialized countries on the topics for discussion at the economic summit in May and he put reflation at the head of his list of high-priority items.

He also said that the U.S. would have ready by May position papers on international mechanisms designed as he put it, to create "more access in capital markets to help countries in temporary balance-of-payments difficulties."

Mr. Blumenthal observed that

one solution might be to revive in some form the \$25bn. OECD safety net, approval for which has been refused by the U.S. Congress. But he also said that the U.S. was considering another mechanism "that would have the same effect." He did not elaborate but seemed to be expressing a preference for the second alternative.

Additional

This subject was discussed at senior civil servant working level in Washington on the weekend by representatives of the countries who will be attending the summit. The British position is that additional financial mechanisms are needed. Mr. James Callaghan, the British Prime Minister, expressed his support for the principle following his talks here last week with Mr. Jimmy Carter, the U.S. President.

Mr. Blumenthal also denied that there had been any change in U.S. policies towards another key item on the summit agenda—the problems of the less developed countries (LDCs) and specifically the question of a common fund covering commodities as proposed by the UNCTAD secretariat.

The U.S. position, he said, was essentially that there was no "basic objection" to individual case-by-case commodity agreements. Nor would the U.S. say that a common fund was "absolutely out" since it was perfectly prepared to talk about its creation. But he made clear that individual commodity agreements would have to come first and the common fund later, assuming the first were successfully negotiated.

In a sense, this represents something of a tactical shift, since U.S. opposition to the common fund had been seen as absolute. What the U.S. now seems to have concluded is that outright rejection of the common fund would make all but impossible agreement on individual commodities with the LDCs and that there is, therefore, no point in making that task more difficult.

Mr. Blumenthal declined to comment specifically on the several trade items that have aroused international fears of a new wave of U.S. protectionism, the most recent of which was yesterday's recommendations by the International Trade Commission in favour of higher tariffs on imported colour televisions and quotas on foreign sugar.

But he did argue that "more protection is not necessarily protectionist." The "general rule," he said, could be to look for other ways to help U.S. industries affected by the competition of imports—through domestic financial assistance, voluntary agreements with individual countries to restrict imports, and, if necessary, higher tariffs, which he said were at least better than quotas.

Advertising suit discomfits GM

By Jay Palmer

NEW YORK, March 15

THE STATE of Illinois has placed General Motors, the colossus of the U.S. car industry, in an extremely embarrassing position. Last week the State filed a lawsuit charging the company with "false advertising" and subsequently won a sympathetic court ruling ordering all GM dealers to tell customers exactly what is under the bonnet of the model they are interested in buying.

The State's move—one which is likely to be copied quickly in other areas of the U.S.—followed well-publicised complaints by a Chicago resident who had earlier attempted to arrange minor servicing of his 1977 model Oldsmobile Delta 88 with what he thought was its optional 350-cubic inch V-8 Rocket engine.

The Chicago Oldsmobile mechanic, however, discovered that neither Oldsmobile "Rocket" fan belts nor oil filters would fit the engine. Under the bonnet was a 350-cubic inch V-8 engine made by GM Chevrolet and allegedly sold in those car marquees at about \$150 less than the cost of a V-8 Rocket. The State's charge of false advertising prompted GM to deny that any customers had been cheated or misled.

Bahamas income tax fear roused by spending plan

BY NICKI KELLY

NASSAU, March 15

A ROW is brewing in the Bahamas over fears that Prime Minister Lynden Pindling's commitment to a big \$2bn. economic development programme may lead to the introduction of an income tax and therefore undermine the country's status as a tax haven.

In a recent address to the Chamber of Commerce, Mr. Donald Fleming, managing director of the Bank of Nova Scotia Trust Company, said that it was no secret that both the International Monetary Fund and the World Bank had advocated that the Bahamas introduce income tax before seeking international aid.

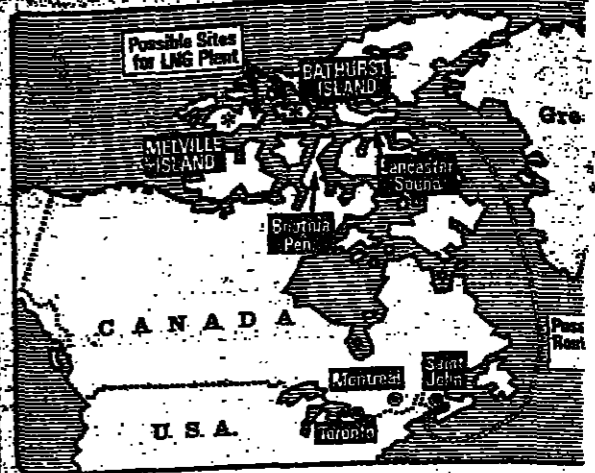
Mr. Fleming, who is a former governor of both institutions as well as being a former Canadian Finance Minister, said: "It would be nothing less than suicidal to frighten it off or precipitate an exodus of business as the result of introducing income tax." The Bahamas is urgently in need of many thousands of jobs requiring a massive infusion of capital, he said.

Mr. Fleming's call for an official denial has brought no response, reportedly on instructions of the Government's financial advisors, who contend that the position is already clear. "The Government is exploring other means of taxation but does not intend to introduce income tax and has said so on numerous occasions," said a source close to the Minister of Finance, Mr. lead to the introduction of an Arthur Hanna.

This is in all probability quite true. With an employed labour force of only 67,000 and a per capita income of less than \$5,000, the Bahamas lacks a broad enough base to support income tax.

"We just do not have that large a middle class," says the Governor of the Central Bank, Mr. T. Baswell Donaldson, who is an ardent opponent of income tax for the Bahamas. "It is not the panacea people think it is. The Bahamas has peculiar problems which require peculiar solutions," he said.

Others in Government point out that to introduce income tax would mean abrogating long-term tax exemption agreements which the administration is counting on to spur industrial investment by both Bahamians and foreigners. According to the Governor of the Central Bank, income tax is one of several re-orientation measures suggested by the IMF but on plans for such a tax are in progress by the Central Bank. "Whatever taxes are introduced will be compatible with the Bahamas' position as a tax haven," he said.



SIM. FEASIBILITY STUDY

Ice-breakers may bring Canadian Arctic gas to market

BY ROBERT GIBBENS IN MONTREAL

PLANS to move Canadian Arctic gas to eastern markets and the U.S. market using ice-breakers are taking shape. Further work is being done on the pipeline project, while the gas is being explored and developed.

A feasibility study is to be done by five well-known shipping companies in partnership with Panarctic Oils, the owner of 26 trillion (million million) cubic feet of reserves in the Central Arctic Islands. Petro-Canada, the national oil company, and Alberta Gas Trunk Line (AGTL), owned by the Alberta government, are also involved.

The five shipping companies, which together have North America's broadest experience of arctic shipping, are Canadian Steamship Lines, controlled by the Federal Government, Upper Lakes Shipping of Toronto; Genstar, of Montreal and Vancouver, controlled by the Belgian Societe Generale group; Crowley Maritime Corp. of San Francisco, and Federal Commerce and Navigation of Montreal. They are working together in Arctic Transportation, and for the purposes of the study, as Sverdrup Shipping.

The study is known as the Arctic Petro-Carriers Project (APCP). It goes hand-in-hand with another feasibility study by Panarctic Oils, Petro-Canada and AGTL, to do on a 300,000 cubic feet daily gas line—located at south-west Melville Island, near the Melville onshore and offshore gas fields. They have proved reserves of about 121 trillion cubic feet.

Cost of the APCP, the marine study, will probably be \$2m. or more, borne 40 per cent by the shipping companies and 60 per cent by Panarctic, Petro-Canada and AGTL. The bids are out for the LNG plant study, and the contract will be awarded shortly.

The marine study will cover ship and gas container technology, ice movement, Arctic terminal operations, environmental impact, economic and other aspects. The deadline is September 1, the same as for the LNG plant study.

The whole Arctic LNG system would have only one-sixteenth the capacity of a proposed polar gas 48-inch pipeline running from the same area via the Boothia Gulf.

It could be operating in 1982-3 at a cost of rather more than \$1bn.

About three tankers would be needed, costing from \$500m. The LNG gathering system would cost \$500m. Petro-Canada said enough information to be made to the energy Board and other agencies by the end of the month. The plan is to be submitted by the end of the month.

Senate chrome vote

BY DAVID BELL

WASHINGTON

THE U.S. Senate was expected to have become convinced to follow the House of Representatives and to vote later today to repeal the Byrd Amendment, because technologies under which U.S. companies have continued legally to import Rhodanian chrome, despite UN sanctions.

Yesterday, the House voted by 290 to 146 to repeal the amendment, a move which has been strongly backed by the Carter Administration. Mr. Andrew Young, the U.S. ambassador to the UN, has argued forcefully that its repeal was necessary if Mr. Ian Smith, the Rhodesian Prime Minister, was ever to acknowledge that U.S. means business about majority rule in Rhodesia.

The relative ease with which the repeal is now passing through Congress, however, has more to do with the fact that several of its former opponents

U.S.-Canada Boeing

BY OUR OWN CORRESPONDENT NEW YORK

THE U.S. Justice Department has agreed to counterpoint in Canada that result in a free exchange of information gathered by both investigatory agencies on all matters connected with Boeing's alleged pay-offs to foreign Government officials to promote the sale of its aircraft.

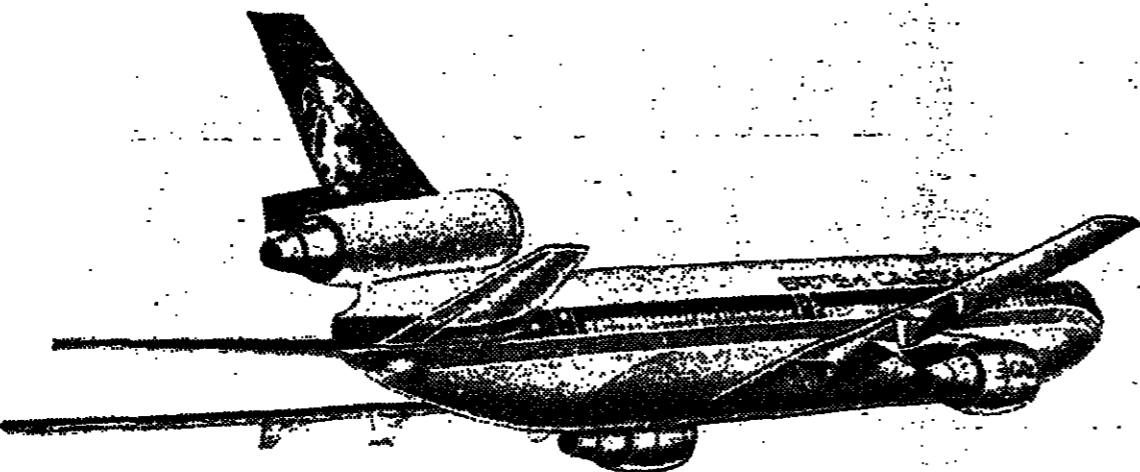
This agreement follows revelations that the U.S. Security and Exchange Commission (SEC) has subpoenaed extensive sales records going back to 1966.

Avis payments claim

BY STEWART FLEMING NEW YORK

AVIS, the world's second largest car rental agency, and the leader in the industry, has been investigated by the SEC for alleged improper overseas payments—according to a learned analyst in this morning's Wall Street Journal.

The Journal says that although the audit committee report disclosed that the company had made \$425,000 in improper payments, it refused to-day to comment on the report.



Fly in space to West Africa

From March 20th when British Caledonian introduce DC-10s to their West African routes, passengers to Lagos, Kano and Accra can enjoy the luxury of flying in the extra cabin space that a wide-bodied superjet affords.

There's room to stretch. Room for double aisles, which make it easier to move around the aircraft. The cabin is tall as well as wide, and light and airy. The DC-10 has larger windows than most comparable aircraft and there is a complete change of air every three minutes—that's about the time it takes to smoke a cigarette.

The engines are so quiet you can hear an ice-cube drop into your pre-lunch whisky and soda.

All this, and much more, creates an atmosphere of spacious ease.

And British Caledonian service matches the aircraft. The crews are specially trained. The DC-10 has bigger galleys, bigger serving areas, so B.Cal will be turning on a service that's something special even by their own high standards.

Superjet. Super service. B.Cal DC-10s will be flying to West Africa by day six days a week from Gatwick.

Let's go BRITISH CALEDONIAN The DC-10 MCDONNELL DOUGLAS



Handwritten Arabic text at the bottom left of the page.

J.P. [Handwritten signature]

OVERSEAS NEWS

Castro reported in talks with Ethiopian military regime

BY DAVID BELL IN WASHINGTON AND MARTIN DICKSON

USIAN PRESIDENT Fidel Castro... reported in talks with Ethiopian military regime... The US State Department... has been watching developments in Ethiopia with increasing concern...

James Buxton reports on the consequences for Somalia of Soviet-Ethiopian detente Pondering a realignment with the West

THERE ARE signs of major changes in political alignments... James Buxton reports on the consequences for Somalia of Soviet-Ethiopian detente... Pondering a realignment with the West...

gets aid from West Germany, Italy, and France... The Soviet Union is also the main provider of petroleum products to Somalia and stocks are never high... The regime appears to be well in control, thanks to national respect for General Siad Barre...

socialist policies and, like President Sadat in 1972, orders the Soviets to leave... The implication is that the U.S., which has now stopped the supply of arms on grant terms to Ethiopia...



Military aid for Zaire from U.S.

WASHINGTON, March 15. A CHARTERED DCS jet aircraft will fly from the U.S. to Zaire today with military equipment for the African republic... UPI adds from Kinshasa: The forces which have invaded Zaire from Angola are led by mercenaries...

Slower Japanese growth in fiscal 1977 forecast

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, March 15. JAPAN WILL have a real economic growth rate of 5.1 per cent and a visible trade surplus just under \$12.5bn in the year ending on March 31... The Government's difficulty in cutting bank rate further at present is that it is in a position to bring down time deposit rates of commercial banks...

National Airlines makes flying to the USA via Miami even more attractive.

The attractions of flying via Miami are obvious. You exchange cold, crowded New York for the warmth, blue skies and sun-kissed girls of Florida. Now you can add something else to all these attractions. National Airlines Sun King Budget Fares to destinations throughout the USA. Examples are shown in the panel opposite.

Table with columns: DESTINATION, REGULAR ECONOMY FARE, 14 TO 21 DAY EXCURSION FARE, 22 TO 45 DAY EXCURSION FARE, 22 TO 45 DAY SUN KING BUDGET FARE. Lists fares for various US cities like Atlanta, Houston, Las Vegas, etc.

Subject to governments' approval and to change without notice. The Sun King Budget Fares shown are effective from 1st April and are valid for a round trip of 22 to 45 days, with a surcharge of £6.00 on all week-end flights.

Arafat asks for U.S. help

CAIRO, March 15. YASSIN LIBRATIONS Organizational (PLO) chairman Yasir Arafat appealed for U.S. help in the Palestinian struggle for a homeland... Arafat told American reporters outside the third session of the 23rd meeting of the PLO National Council...

Japan, USSR seek accord in fish quotas

TOKYO, March 15. JAPAN and the Soviet Union are in the final stages of negotiating a fisheries agreement... The agreement would set fishing quotas for various species in the North Pacific...

Front-line summit

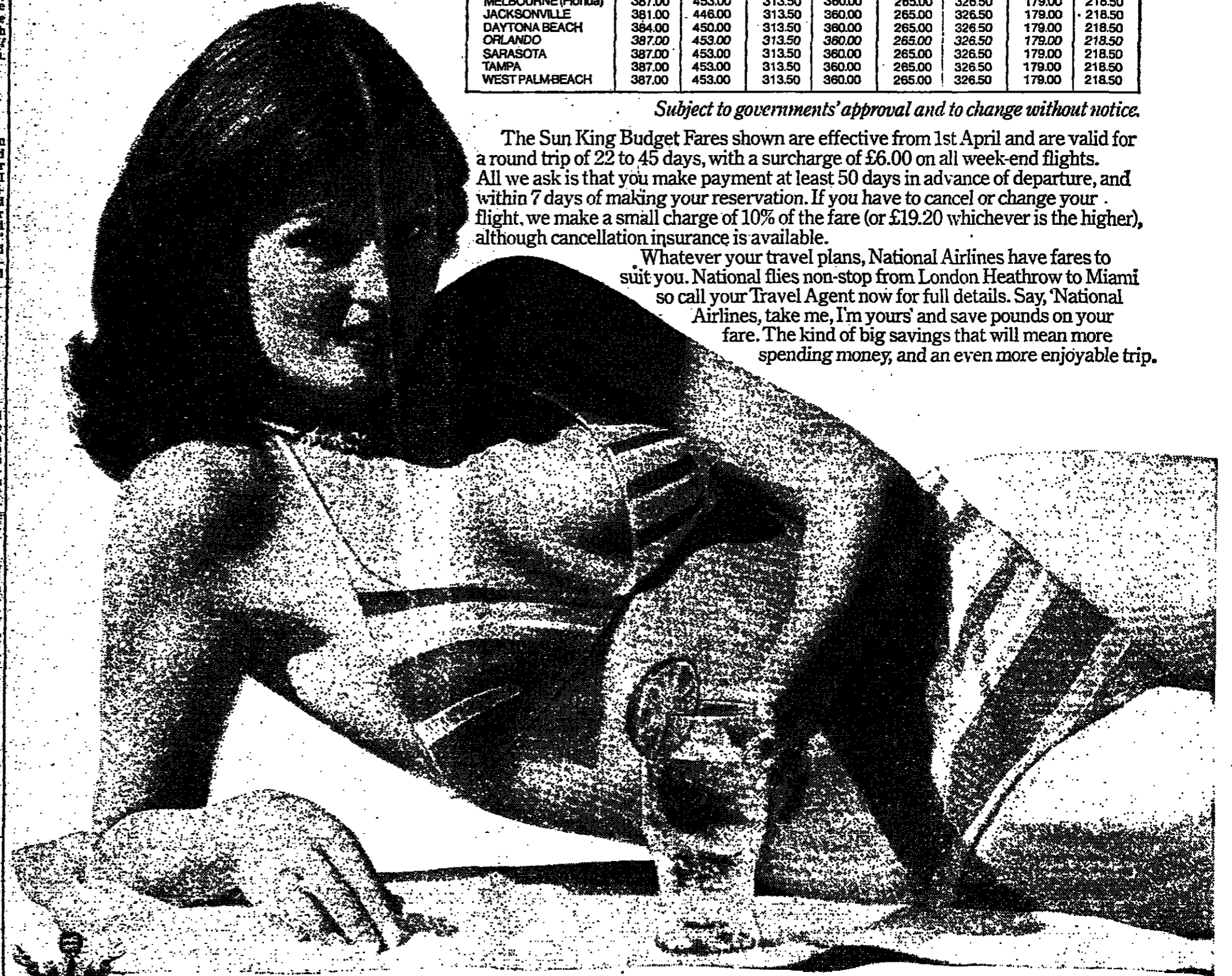
THE President of the African Front-line states concluded a two-day meeting in the Mozambican port of Beira yesterday... UPI reports from Dar-es-Salaam that the President of Mozambique, Sam Nujoma, and other leaders of the Front-line states...

Lebanon fighting

BEIRUT, March 15. FIGHTING between Lebanese and Syrian guerrillas exchanged shelling and mortar fire in South Lebanon yesterday... President Sarkis met right-wing leaders in an attempt to defuse the rapidly deteriorating situation...

Australia population

SYDNEY, March 15. AUSTRALIA'S population on 30th March 1976 was 19,915,500, according to the latest results of the 1976 census... The previous census in 1971 showed a growth rate of 1.5 per cent...



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WORLD TRADE NEWS

Japan hopes to negotiate with U.S. over TV exports

BY DOUGLAS RAMSEY

JAPAN WILL ask for talks with the Carter Administration on voluntary curbs of Japanese colour television exports to the U.S. the Ministry of International Trade and Industry (MITI) said today. The voluntary curbs, MITI hopes, would give President Carter the lever he needs to overturn a decision by the American International Trade Commission (ITC) yesterday whereby the 5 per cent. rate of duty on incoming colour TVs would be raised to 25 per cent. this year and next, be pegged at 20 per cent. the following two years, and decline to 15 per cent. in the fifth year of controls. One high official at the Foreign Ministry confirmed yesterday evening that Prime Minister Takeo Fukuda would now have to bring up the matter in his March 21-22 talks with President Carter in Washington. But in Tokyo, industry officials are pessimistic about the chances of having the ITC decision greatly changed. This is despite reports from Washington which suggest that one Cabinet member, Mr. William Blumenthal, the Secretary of the Treasury, wants to provide assistance to the television industry, rather than throw up new barriers to imports. Japanese industry reacted strongly to the ITC decision, uniformly calling the move a "shut-out" from the American market. Matsushita president Toshiko Yamashita called the decision "unexpectedly severe" and "much the same as a total shut-out of imports." Mr. Yamashita, whose company sells under the National Panasonic and Quasar brands in the U.S., urged President Carter to "make a fair and reasonable judgement" on the matter. Matsushita stands to be less affected than some Japanese companies from the move since it makes a large proportion of its sets at U.S. sites. The American President has 60 days within which to accept, veto or modify the ITC decision, but a veto would almost surely prompt an effort by Congress to override it. Sanyo, a major exporter of original equipment manufactures which are then sold under major retail names in the U.S., also took the action badly, since its competitive edge in the American market comes from being able to sell at well below the lowest U.S. production price. Sanyo president Kaoru Ruo, in a statement this afternoon, insisted that the ITC decision could cause "permanent damage to Japan's television and television parts industry" and ultimately counteract a recovery in the Japanese economy which the U.S. has repeatedly called desirable. In 1976, Japanese exports of colour television sets increased by 90 per cent. while the domestic market only increased by 3 per cent. In the U.S., however, Japanese imports were 2.4 times higher than the year before, raising the country's share of the U.S. market to just over 30 per cent. Industry officials were already predicting a 10 to 20 per cent. drop in U.S. sales this year, but now think more in terms of a two-thirds drop in the market if the ITC decision is fully endorsed by President Carter. There have been faint mumbled hints of retaliation to the ITC action if it is implemented, but Japanese companies are not very eager to start a trade war since Japan's exports of steel and cars to the U.S. are about ten times greater than that of colour television sets. At best, Japan may reinstate restrictions on the imports of American integrated circuits and data processing hardware, but it is a sector where foreign manufacturers anyway have not taken a major chunk

TOKYO, March 15.

of the market from the Japanese. Hitachi has signed an agreement with RCA of the U.S. for world distribution of a television camera tube, called the "Saticon" tube, jointly developed by Hitachi and NKK, the Japanese National Broadcasting Corp. Hitachi and RCA are also studying the feasibility of RCA manufacturing the tubes in America with technical assistance from Hitachi.

Ship orders up

TOKYO, March 15.

SHIPBUILDING ORDERS received by Japanese shipyards from overseas owners in February rose sharply to 40 ships totalling 431,750 gross tons, from 20 totalling 258,100 tons in January and 31 totalling 383,290 tons in February last year, the Japan Ship Exporters Association said. The February total comprised 21 freighters and 19 bulk carriers. The Association reported that February exports were boosted by an order for nine vessels totalling about 150,000 tons from Poland. There was also a rise in orders from other Communist bloc nations and developing countries.

Argentina in talks on oil development

BY HUGH O'SHAUGHNESSY

BUENOS AIRES, March 15.

ARGENTINA IS negotiating to acquire British expertise in offshore oil exploration in order to develop its own offshore fields in the Tierra del Fuego region. BP has had a series of meetings with Argentine officials here and in Britain.

This was announced in an interview by Dr. Guillermo Zubaran, the Argentine Energy Secretary, who also said there was no immediate likelihood of Argentina acquiring more drilling platforms.

Dr. Zubaran claimed that Argentina, which currently produces nearly 90 per cent. of its own oil requirements, would be self-sufficient in oil within two years.

In order to do this, the strategy of the Government is to encourage local private enterprise to associate itself with foreign oil companies and to reduce the importance of the State oil company, YPF.

Over the past year, the workforce of YPF has been reduced from 87,000 to 47,000 and is to be further reduced to 32,000. The drive for self-sufficiency will involve the opening of several hundred oil wells.

Dr. Zubaran said that, following the awarding of ser-

vice contracts for exploration and exploitation of oil in six areas of the country earlier this year, Argentine and foreign companies are to be invited within the next month to submit bids for nine new areas for exploration and exploitation or exploration and development on Tierra del Fuego and in southern Patagonia.

An initial investment by the successful bidders would be of the order of \$300m, a third of which would be raised abroad.

There were no plans at the moment for the exploration of the oil potential in the waters around the Falkland Islands and Dr. Zubaran said that he found estimates of the oil potential of the area—those contained in a report prepared by the British government and disclosed to Argentina and in a report made by the U.S. government Geological Survey—excessively optimistic.

The Argentine Government, Dr. Zubaran said, was actively seeking the \$300m. needed to finance the construction of the joint Argentine-Paraguayan hydro-electric project at Aspiere Yacretes on the Paraguayan river. All political difficulties surrounding the project had been solved, he claimed.

Plan to cut Brazilian deficit

FRANKFURT, March 15.

BRAZIL hopes to reduce its trade deficit to around \$500m. or less this year from around \$2.1bn. in 1976 and \$3.5bn. in 1975, despite a sizeable increase in its oil import bill, according to Mr. Marcos Pereira Vianna, president of Brazil's National Economic Development Bank (BNDE).

He said here that Brazil could expect to bring imports and exports roughly into balance in 1977 at around \$12 to \$12.5bn. each, compared with imports of \$12.3bn. and exports of \$10.2bn. in 1976.

Brazil's oil imports this year will jump to between \$3.6 and \$3.8bn. from somewhat more than \$3bn. in 1976 and \$3bn. in 1975, Mr. Pereira said while in Frankfurt for the signing of EMBREX, DM100m. Eurobond.

Following yesterday's agreement which has been long delayed because of French objections, Commission officials confirmed unofficially that a settlement now being dropped.

Final agreement on the export credit guidelines was reached not only because France has dropped its ideological objections to Brussels involvement in a sensitive area of trade policy but also because member States have agreed on speedy machinery to

Export credit pact may be expanded

BY DAVID BUCHAN

BRUSSELS

EEC Commission officials are now considering their tactics for the renewal and the possible widening of the scope of the international "gentlemen's agreement" on export credit, following yesterday's approval by EEC Ministers of a joint Community position.

It was the partial adherence of the Community—by the U.K., France, Germany and Italy (along with the U.S., Japan and Canada)—to the so-called "gentlemen's agreement" on export credits that led to a most ungentlemanly squabble between the Commission and the big four EEC States.

Last year the Commission, basing itself on a European Court of Justice ruling that export credits were the sole preserve of Brussels, started court proceedings against the big four EEC member States.

Following yesterday's agreement which has been long delayed because of French objections, Commission officials confirmed unofficially that a settlement now being dropped.

Final agreement on the export credit guidelines was reached not only because France has dropped its ideological objections to Brussels involvement in a sensitive area of trade policy but also because member States have agreed on speedy machinery to

allow derogations from lines. France, and Britain, pressed for a "gentleman's agreement" in cases where States want to compete for terms offered by other countries. The next thing to do is to renew the gentlemen's agreement which was not renewed in 1976. The Brussels Commission represents countries in any negotiation. Ideally, as many possible would be to adhere to any agreement. With the accord, which follows the original gentlemen's agreement, the five countries have now original seven adherents. OECD is considered the ideal forum for wider adherence to credit agreement. Organisation already in party on export credit. Brussels officials see OECD members to which OECD might so water down lines as to make the

BRAZILIAN INDUSTRY

State backs petrochemicals

BY DAVID WHITE IN RIO DE JANEIRO

THE FIRST big plant order is due to be placed soon for a \$1bn. petrochemical complex near Porto Alegre in the south of Brazil, the third "pole" in one of the country's fastest expanding industries. Technip of France is expected to win a contract worth about \$84m. for an ethylene cracker, part of a \$440m. raw materials centre which will be the hub of a series of other industrial ventures being planned in conjunction with European, U.S. and Japanese companies.

As in the Camaçari pole under construction near Salvador in north-eastern Brazil, which is the first large-scale project in the sector outside São Paulo, the new development is being planned on a tripartite basis between foreign capital, Brazilian private interests, and the Brazilian Government in the form of Petroquímica, a subsidiary of the Petrobrás oil group. Petroquímica, set up eight years ago, will take part as a minority shareholder in joint ventures, a role which Petrobrás itself is debarring by law from playing.

The Salvador development, sited near Brazil's oldest oil and gas fields, is due to go on stream next year, and the Porto Alegre project, on a realistic estimate, in 1982 or 1983.

Total investment in petrochemicals over the next nine or ten years will be something over \$2bn., and the Brazilians are hoping that it will turn the country into a net exporter. Brazil's consumption of basic petrochemical products has been increasing by 15 per cent. a year. Local production, now around 2m. tonnes, is scheduled to double by 1980, but ethylene output is likely still to be about 250,000 tonnes short of the country's needs.

The Federal Government opted in 1975 to build its third pole, including a 300,000 tonne ethylene plant, in the extreme south, where petrochemicals will soon emerge as the main industry. It has three reasons for doing so. Local demand is high, with one-fifth of the domestic market located in the south, and 10 per cent in the one State of Rio Grande do Sul. Naphtha, the basic raw material, can be supplied from a nearby Petrobrás refinery at Camaçari. Lastly, the level of labour skills in the region, where nearly everyone is literate, is higher than in most other areas.

The project is of key local importance in a state which has been a focus of political opposition despite the relatively enlightened record of its government. The new pole will create 40,000 direct jobs and will turn Rio Grande do Sul, a traditional cattle and cereal-farming region where almost all the useable land is already under cultivation, into a predominantly industrial area. Industry now accounts for only a fifth of the state's production.

Comprising about 30 different ventures, the complex will cost the equivalent of the state's entire budget for two years, according to Sr. Eduardo Maurill Miller, state planning secretary, downstream projects may well bring total investments to \$1.5bn., not counting the openings for capital goods and other industries. The project gives quite a large role to regional capital, a novelty in ventures of this kind.

One obstacle to an early start-up—the target date is 1981—is the problem of training enough chemical engineers, although special programmes have been set up in Rio de Janeiro, Salvador and São Paulo. The complex will require new port and railway facilities, although this site, 25 miles north-west of Porto Alegre, is well-served by roads.

There are also environmental problems to be solved, both at Porto Alegre and the Brazilian petrochemical industry has experienced pollution nightmares in recent years—the former being a Boragard pulp factory blew evil-smelling fumes over the city, and the latter when a Petroquímica plant in Salvador began spilling mercury waste in a bay used by the city's biggest slum.

The raw material centre in Rio Grande do Sul is intended to become a state-owned venture by Petroquímica and another government agency, Fhase. Two low-density polyethylene units, costing \$22m. and planned with National Distillers and Sumitomo holding minority stakes with Petroquímica and private interests, while Hoechst is taking the foreign stake in a \$70m. high-density polyethylene plant.

Two other projects which have been virtually finalised are a \$100m. PVC plant with Formosa Plástica and Brazilian shareholders including an army fund, Montepio da Família Militar, and a \$30m. synthetic rubber factory, which is an all-Brazilian venture involving an associate of Petroquímica, Fabor, and local groups.

Polystyrene and polypropylene plants, to cost \$60m. apiece, are still under negotiation. Montedison of Italy, Hercules of the U.S., Solvay of Belgium and a Royal Dutch/Shell subsidiary are competing for the first.

Petrochemical poles have turned out to be expensive ventures, capital-intensive rather than labour-intensive, and much of the investment has to be put up by the state. Whether or not this corresponds with political strategy, a big shareholding company by the state has become one of the world's largest and finest manufacturers of a full range of industrial plant machinery. Consequently, HYUNDAI INTERNATIONAL is offering many challenging and exciting opportunities for key and middle management positions in the following fields:

DESIGN AND ENGINEERING

Plant System Engineering and Process Engineering

Design and Engineering in Machines, Materials, Structures, Parts and Components

Design of Electrical and Electronic Control System

MANUFACTURING AND PRODUCTION

Machining

Special Welding and Fabrication

Steelmaking, Casting and Forging

Design and Installation of Tools, Jigs, Fixtures and Gauges

Design and Installation of Electrical, Electronic and Hydraulic Circuits

Other Specialized Areas Relative to Majors

SALES MANAGEMENT

World-wide Sales of Plants and Processes

World-wide and Domestic Marketing

Power Generating Plant Machinery (Nuclear, Thermal, Hydro)

Iron and Steel Mill Machinery

Chemical and Petrochemical Plant Machinery

Cement Plant Machinery

Paper and Pulp Plant Machinery

Textile Plant Machinery

Heavy-duty Construction Machinery/Equipment

Shipbuilding (Dredgers, Barges, Tugboats, Special Ships)

is ambitiously enlarging its world-wide operation through the addition of several plants and expansion of existing facilities. We plan to become one of the world's largest and finest manufacturers of a full range of industrial plant machinery. Consequently, HYUNDAI INTERNATIONAL is offering many challenging and exciting opportunities for key and middle management positions in the following fields:

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Plant System Engineering and Process Engineering

Design and Engineering in Machines, Materials, Structures, Parts and Components

Design of Electrical and Electronic Control System

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Design and Installation of Electrical, Electronic and Hydraulic Circuits

Other Specialized Areas Relative to Majors

SALES MANAGEMENT

World-wide Sales of Plants and Processes

World-wide and Domestic Marketing

In order to qualify for these positions, applicants must:

1. Be a Korean National,

2. Have at least three (3) year actual experience,

3. Have been discharged or be free from military service stipulated by the laws and requirements of the Government of the Republic of Korea,

EEC softens MFA line

BY DAVID EGLI

GENEVA

AWARE THAT it would be more or less isolated in calling for extensive changes in the Multi-Fibre Arrangement (MFA) in the European Community, despite internal dissensions, appears to have opted for a more satisfactory interpretation of the agreement as it stands.

This stance, it is felt here, will have a much better chance of a sympathetic hearing to-morrow in the meeting of the GATT Textile Committee, than if the Community were to adopt the harder line promoted essentially by Britain and France and call for a renegotiation of the arrangement which expires at the end of this year.

The Community, along with most of the other participating countries, agrees that it would be too disruptive to or less isolated in calling for extensive changes in the Multi-Fibre Arrangement (MFA) in the European Community, despite internal dissensions, appears to have opted for a more satisfactory interpretation of the agreement as it stands.

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INTERNATIONAL APPOINTMENTS

Advertisement for Hyundai International, Inc. featuring a recruitment notice in Japanese and English, and a list of services offered in various fields including machinery, design, and manufacturing.

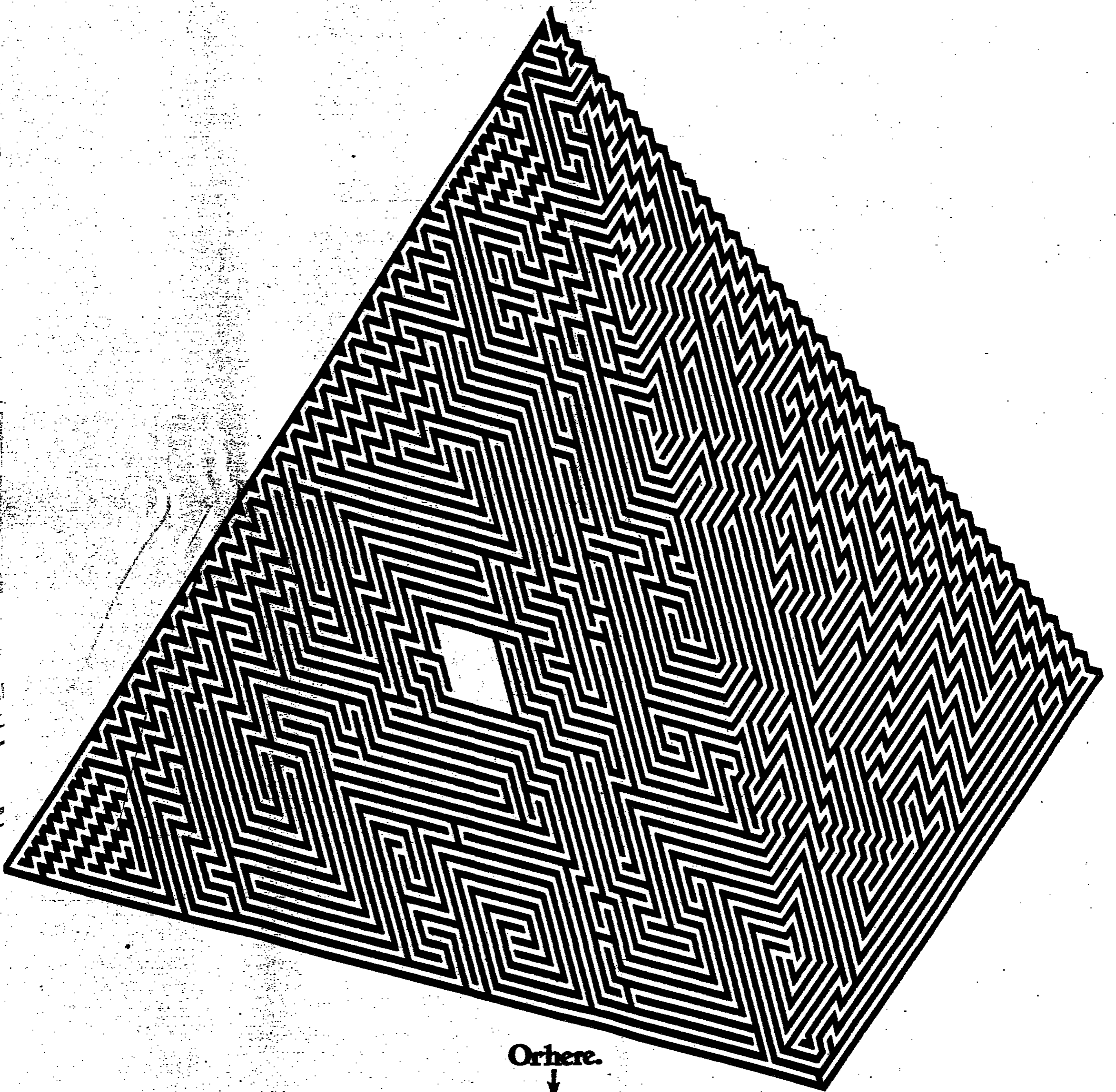
株 式 会 社 現 代 洋 行 TEL. (54) 7171-9, (54) 8151-9

HYUNDAI INTERNATIONAL, INC.

Handwritten note in a box: *Handwritten Arabic text*

How did a consortium of Middle Eastern, Canadian and Japanese companies arrange Letters of Credit, Collections and Payments through Bahrain of over US \$20,000,000 in eight countries in four continents to help construct a project in Saudi Arabia?

Start here.



Or here.



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in such a limited space, the confidentiality our customers expect prevents us going into details. But please, get in touch, and without breaching any confidence, we'll tell you how we

helped solve this particular financial problem. And perhaps advise you on any that you might have. By the way you'll find the solution to the maze on a later page.

LBI, the Bank of London & South America and their subsidiaries are members of the Lloyds Bank Group and have offices in: Argentina, Australia, Bahamas, Bahrain, Belgium, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Ecuador, Egypt, El Salvador, France, Federal Republic of Germany, Guatemala, Guernsey, Honduras, Hong Kong, Iran, Japan, Jersey, Malaysia, Mexico, Monaco, Netherlands, Nicaragua, Panama, Peru, Philippines, Portugal, Singapore, Spain, Switzerland, United Arab Emirates, United Kingdom, U.S.A., U.S.S.R., Uruguay, Venezuela.

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HOME NEWS

Lockheed offers Britain share in new TriStars

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LOCKHEED AIRCRAFT Corporation of California is offering the U.K. aerospace industry a major share of the work on new versions of the TriStar...

medium range market may account for about 1,000 aircraft. Of this, Lockheed feels it could perhaps win orders for up to 300...

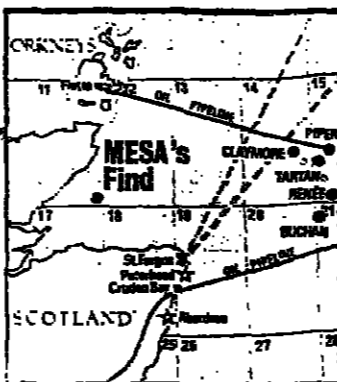
Rolls-Royce is especially keen to see the new Lockheed models developed, with as much U.K. participation as possible...

Mesa's field may develop fast

By Ray Deiter, Energy Correspondent

MESA PETROLEUM's North Sea oil discovery is likely to become one of the most speedily developed fields in the North Sea.

According to industry reports Mesa and its partners expect the field, found last year, to produce cash flow in the first quarter of 1978.



Not ripe for reference

BY GEOFFREY OWEN

ON THE BASIS of past precedents, the Lornho bid for Dunfermline and Elliot, the Sheffield special steels company, seemed almost certain to be referred to the Monopolies Commission.

There have been several decisions in the past where the Government, advised by the Office of Fair Trading, has felt that a conglomerate merger might have damaging effects on management and hence on efficient utilisation of resources.

It is a conglomerate merger in which the acquirer appears to have little to offer in the way of expertise or management to the acquired company.

nothing to offer Mr. Babcock could be successful acquirer. The Commission's way of financial resources, and that might damage Morris...

Some conglomerate mergers referred to the Monopolies Commission. Outcome: Found against public interest, Dropped after ref., etc.

Chrysler well placed for £2.75m. contract

By Arthur Smith, Midlands Correspondent

CHRYSLER U.K. is near to winning an order worth £2.75m. from the Post Office which will make an important contribution towards the recovery of its troubled commercial vehicle section.

Court postponement sets back Concorde

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CONCORDE'S CHANCES of eventually winning rights to land at New York's Kennedy Airport appear to have been set back considerably by the decision late on Monday to postpone the court hearing on the issue.

The airlines, therefore, must rest their case on a tougher presentation of existing data to counter what is understood to be a hostile report on Concorde's noise prepared independently by some time ago for the Port Authority by private consultants in the U.S.

Plan to cut tax relief 'lunacy'

By Michael Cassell, Building Correspondent

LABOUR PARTY proposals to cut mortgage tax relief were attacked by Sir Geoffrey Howe, Opposition spokesman on Treasury and Economic Affairs, in London yesterday.

Fall in world tonnage of new ships is first for 16 years

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE SLIDE into recession of world shipbuilding started in earnest last year when the total tonnage of ships completed fell for the first time since 1961.

Researching man in the suit

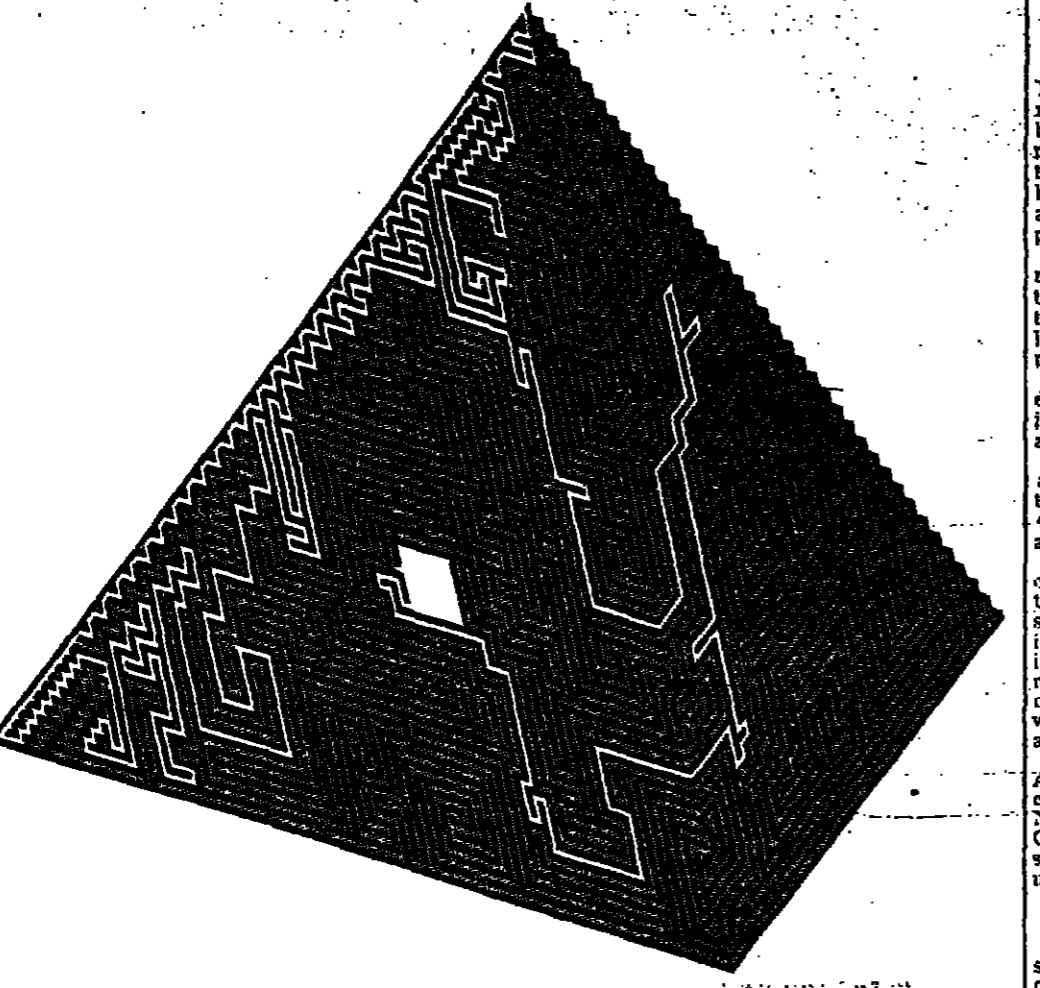
BY RHYS DAVID, TEXTILES CORRESPONDENT

AN INCREASE in the research projects being supported by the Garments and Allied Industries Requirements Board.

Senior Citizen railcard scheme

HALF-PRICE rail travel has proved such a success for pensioners using Senior Citizens Railcards that British Rail is to continue the scheme and to improve it from April 1 by making the cards valid for a full year from date of purchase.

The way out of the maze.



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SNOW REPORTS

Table with columns for location, snow depth, and weather conditions. Locations include Derby, London, and various Scottish regions.

ULSTER BUSINESSMEN UNDER ATTACK

Morale the real target

BY OUR BELFAST CORRESPONDENT

THE PROVISIONAL IRA renewed its campaign against business and the locally recruited security forces early this year in the certain knowledge that its tactics would have a disproportionate effect on public morale in Ulster.

Belfast company office last night to fly home to London, underlines the extent to which the Provos can strike.

cent BBC-TV Tonight programme which included interviews with two men who claimed they were ill-treated while being questioned.

Overshadowed

With terrifying regularity, subsequent good news has been overshadowed by more murders and numerous attacks on small businessmen and shopkeepers, both at work and in their homes.

Hundred deaths

One hundred policemen have died in Ulster and no one expects the Provos to stop there.

Propaganda

The terrorists, through their violent attacks and their propaganda, seek to deter the police from doing their duty and to destroy the morale and standing of the police, so as to make them ineffective.

The Business Support Kit. From Ladbroke Hotels. Away from your office on a business trip you still need a lot of the facilities you leave behind. You need accommodation, furnished to an impressive standard...

Handwritten signature in a box: *John Beckett*

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You may be relieved to know that wild-life in the area is singularly lacking in bears. Friendly bulls abound, growing fat on the greenest grass this side of anybody's fence. Stags, of course, are shot on sight, as we like to preserve our resources for the benefit of our permanent population.

The option is yours for the asking. Send for our prospectus today, and take the first step towards the most profitable investment you've ever made.

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... or contact Jack Beckett at the Scottish New Towns Office,
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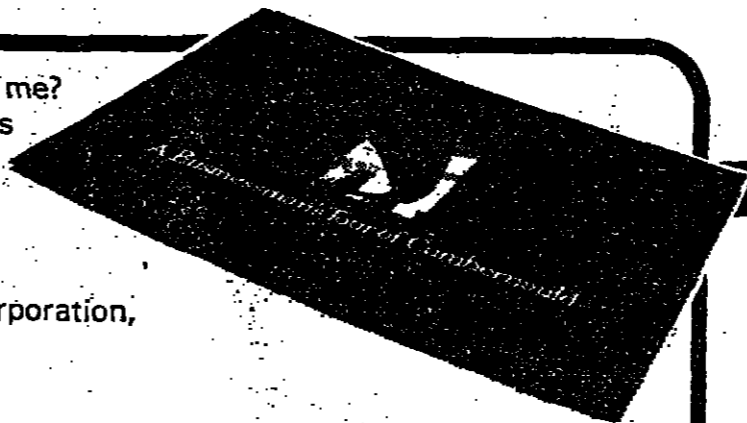
Name _____

Position _____

Company _____

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Tel _____



Flight plans for Shuttle

By MICHAEL DONNE, Aerospace Correspondent

BRITISH AIRWAYS is now well ahead with planning for the start on April 1 of the third of its no-reservations "Shuttle" operations, on the London (Heathrow)-Belfast route. Shuttles have been flying on the Heathrow-Glasgow route since January, 1975, and on Heathrow-Edinburgh since April, 1976. They have dramatically increased traffic and cut losses on the Glasgow route, while the Edinburgh run has already been turned from loss to profit.

BA's Shuttle plans go well beyond Belfast. Studies on the possibility of introducing them on Heathrow-Paris and Heathrow-Amsterdam have begun in collaboration with KLM and Air France. Mr. Roy Watts, chief executive of BA's European Division, who becomes director of commercial operations for the whole airline from April 1 under the top management reshuffle now in progress, has also been talking to Sabena of Belgium and Aer Lingus of Eire, in the hope of eventually getting them into the Shuttle business also. If all his plans mature, Shuttles could be accounting for some 8m. of BA's European short-haul passengers by the end of this decade.

Shuttle is not a BA invention. It was begun by Eastern Airlines in the U.S. 17 years ago, on the routes between New York and Boston and Washington. It is based on the principle that a passenger does not need to reserve a seat in advance. Provided he arrives at the departure gate at least 10 minutes before the advertised departure time of the aircraft, he can board at once, if there is room, paying his fare either at the gate or on the aircraft. If there is no room for him aboard the "front" aircraft, the airline guarantees to provide a "back-up" aircraft, even if he is the only remaining pas-



Mr. Roy Watts, soon to be BA's director of commercial operations: dedicated to the Shuttle principle.

senger wanting to fly at that time.

In practice, the Shuttles have exceeded BA's most optimistic expectations, and sometimes even the back-up aircraft have been full. Traffic on the London-Glasgow route went up by more than 20 per cent in the first year of Shuttle flights. Traffic of 666,681 passengers in 1975-76 is estimated to have risen to 715,800 in the current year, and is forecast to continue rising to around 800,000 a year by the end of this decade. The loss on the Glasgow route of £3.6m. in 1974-75 was cut to a loss of £2.17m. in 1975-76, and further to a loss of £443,000 in the current year. The traffic expansion forecast for the years ahead should help to turn these diminishing losses into operating profits, especially if the Civil Aviation Authority grants the airline its recent request for fares increases of £2 on the single fare of £28 between Heathrow and Glasgow or Edinburgh.

On the Edinburgh route, a loss of £47,000 in 1975-76 has been turned into an estimated operating profit of £591,000 for

the current year, with traffic rising from 437,015 in 1975-76 to 530,000 in the current year, and a forecast of further expansion to 615,000 a year by 1980-81. On the Glasgow and Edinburgh routes combined, therefore, there has been an overall operating profit of £148,000 since Shuttles began.

For Belfast, the forecast is also one of traffic expansion, although at a much slower rate. The 1976-77 estimate of 412,500 passengers rising to 481,000 by the end of this decade. The current operating loss on the Belfast route is just over £1m. On each route, the average flight times are one hour, considered ideal for Shuttle operations. Each route is also considered ideal for narrow-body jets such as Trident and Boeing 727s, seating up to about 130 passengers each, which would be the most widely used aircraft for any future Shuttles, although on some occasions wide-bodied TriStars or Airbuses might be used on the London-Paris route, especially at peak periods.

BA recognises that to mount an international Shuttle operation will require much more

trunk routes to Glasgow, Edinburgh and Belfast.

Notwithstanding the results of Shuttle, these domestic fares increases are necessary to help British Airways offset the continuing impact of general inflation, which is hitting the airline hard. Even if the CAA gives the airline what it wants now, BA may have to come back for another fare rise from November 1, if inflation continues at its present rate. BA makes the point, however, that if it had not introduced its Shuttles on the domestic trunk routes, it might have been in a worse financial situation, and obliged to ask for bigger fares rises than it is now doing.

Thus, it is convinced that the overall concept of Shuttle can be revolutionised the traffic and finances of any given route, and this is why it is now strongly advocating the extension of the concept to the short-haul Continental routes.

Its studies have shown that to be viable, a Shuttle needs a minimum of 400,000 passengers a year, to maintain an operation with flights each way every two hours during most of the day. For an hourly each-way service, a minimum of 700,000 passengers a year is needed. At present, the London-Amsterdam route has 700,000 passengers annually, carried jointly by BA and KLM. London-Paris has 1.55m., carried jointly by BA and Air France.

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BA recognises that to mount an international Shuttle operation will require much more

detailed planning than for a domestic operation, where it has total control of what happens at each end of the route. An international Shuttle will have to be run in conjunction with the flag airline of the other country, requiring solutions to such problems as who provides the aircraft and crew, especially for back-ups, and where the overall control will be vested—either, say, in London, or in Paris. Furthermore, there is the question of how costs and, hopefully, profits, will be shared.

What BA does consider to be vital is a common Shuttle "gateway," easily identified by passengers, at each end of the route. In Paris, this is Charles de Gaulle airport, where Air France and BA already operate the common Channel Air Bridge. At Heathrow, however, BA and Aer Lingus use Terminal One, and Sabena, use Terminal Two. This problem of separate gates at Heathrow will be solved by the winter of 1979-80 when the proposed new Eurogate comes into service at Heathrow. Sited on the existing apron, roughly opposite the present Queen's Building, between Terminals One and Two, it is intended to cater for international high-density short-haul routes, and especially the Shuttles. The British Airports Authority is already planning the Eurogate, and building starts soon.

Roy Watts does not see any insuperable problems to the start of international Shuttles, although he does not underestimate the difficulties of winning approval from foreign airlines. But he is dedicated to the principles of Shuttle, which he sees as probably the only way to make short-haul high-density international air services pay in the inflationary conditions now prevailing in the U.K. and European economies.

NOTICE OF REDEMPTION

AMAX INC.

(Formerly American Metal Climax, Inc. and Ammax International Capital Corporation)

5 3/4% Guaranteed Sinking Fund Debentures due April 1, 1986 (Blue Color)

NOTICE IS HEREBY GIVEN THAT, pursuant to Section 3.01 of Article Three of the Indenture, dated April 1, 1977, among Ammax, Inc., formerly American Metal Climax, Inc., and Ammax International Capital Corporation (hereinafter referred to as "the Company"), American Metal Climax, Inc., as Trustee, for the Company, Trustee (hereinafter referred to as "the Trustee"), there will be redeemed on April 1, 1977, the coupon of the Sinking Fund of a redemption price equal to 100% of the principal amount of \$216,000 principal amount of 5 3/4% Guaranteed Sinking Fund Debentures due April 1, 1977 (hereinafter referred to as "the Debentures").

The following are the serial numbers of the Debentures bearing prefix M to be redeemed:

11	311	1711	2275	2889	3528	4267	5191	5853	6884	7313	8022	8688	9373	10057	11
38	982	1718	2332	2946	3560	4174	4788	5402	6016	6630	7244	7858	8472	9086	12
48	985	1719	2340	2954	3568	4182	4796	5410	6024	6638	7252	7866	8480	9094	13
57	978	1716	2327	2941	3555	4169	4783	5397	6011	6625	7239	7853	8467	9081	14
77	978	1740	2422	3036	3650	4264	4878	5492	6106	6720	7334	7948	8562	9176	15
80	1117	1730	2442	3056	3670	4284	4898	5512	6126	6740	7354	7968	8582	9196	16
126	1325	1781	2494	3108	3722	4336	4950	5564	6178	6792	7406	8020	8634	9248	17
128	1174	1784	2497	3111	3725	4339	4953	5567	6181	6795	7409	8023	8637	9251	18
185	1146	1847	2519	3133	3747	4361	4975	5589	6203	6817	7431	8045	8659	9273	19
192	1170	1881	2548	3162	3776	4390	5004	5618	6232	6846	7460	8074	8688	9302	20
200	1178	1887	2556	3170	3784	4398	5012	5626	6240	6854	7468	8082	8696	9310	21
274	1189	1876	2526	3140	3754	4364	4978	5592	6206	6820	7434	8048	8662	9276	22
282	1182	1870	2520	3134	3748	4358	4972	5586	6200	6814	7428	8042	8656	9270	23
284	1213	1881	2543	3153	3767	4377	4991	5605	6219	6833	7447	8061	8675	9289	24
287	1236	1894	2557	3167	3781	4391	5005	5619	6233	6847	7461	8075	8689	9303	25
312	1257	1915	2578	3188	3802	4416	5030	5644	6258	6872	7486	8100	8714	9328	26
357	1309	1900	2563	3173	3791	4409	5023	5637	6251	6865	7479	8093	8707	9321	27
340	1312	1925	2585	3191	3809	4427	5042	5656	6270	6884	7498	8112	8726	9335	28
348	1423	2048	2701	3315	3929	4543	5157	5771	6385	7000	7614	8228	8842	9456	29
323	1232	1891	2571	3181	3791	4401	5011	5621	6231	6841	7451	8061	8671	9281	30
326	1386	1977	2637	3251	3865	4479	5093	5707	6321	6935	7549	8163	8777	9391	31
348	1519	2100	2761	3375	3989	4603	5217	5831	6445	7059	7673	8287	8901	9515	32
500	1359	1933	2593	3207	3821	4435	5049	5663	6277	6891	7505	8119	8733	9347	33
816	1420	2033	2656	3270	3884	4498	5112	5726	6340	6954	7568	8182	8796	9410	34
857	1523	2136	2759	3373	3987	4601	5215	5829	6443	7057	7671	8285	8899	9513	35
823	1484	2051	2674	3288	3902	4516	5130	5744	6358	6972	7586	8200	8814	9428	36
641	1507	2063	2686	3300	3914	4528	5142	5756	6370	6984	7598	8212	8826	9440	37
643	1513	2069	2692	3306	3920	4534	5148	5762	6376	6990	7604	8218	8832	9446	38
694	1526	2082	2705	3319	3933	4547	5161	5775	6389	7003	7617	8231	8845	9459	39
739	1532	2172	2798	3412	4026	4640	5254	5868	6482	7096	7710	8324	8938	9552	40
743	1568	2178	2834	3448	4062	4676	5290	5904	6518	7132	7746	8360	8974	9588	41
745	1613	2189	2889	3503	4117	4731	5345	5959	6573	7187	7801	8415	9029	9643	42
765	1617	2192	2891	3505	4119	4733	5347	5961	6573	7185	7797	8411	9025	9637	43
768	1621	2195	2894	3508	4122	4736	5350	5964	6576	7190	7802	8416	9030	9640	44
771	1628	2200	2901	3511	4125	4739	5353	5967	6579	7193	7805	8419	9033	9643	45
782	1641	2241	2951	3571	4181	4797	5411	6025	6639	7253	7867	8481	9095	9709	46
785	1647	2246	2956	3576	4186	4802	5416	6030	6644	7262	7876	8490	9104	9713	47
788	1651	2251	2961	3581	4191	4807	5421	6035	6649	7267	7881	8495	9109	9718	48
803	1654	2261	2971	3591	4201	4817	5431	6045	6659	7277	7891	8505	9119	9728	49
806	1658	2263	2974	3594	4204	4820	5434	6048	6662	7280	7894	8508	9122	9731	50
845	1667	2274	2985	3605	4215	4831	5445	6059	6673	7291	7905	8519	9133	9742	51
846	1671	2276	2987	3607	4217	4833	5447	6061	6675	7293	7907	8521	9135	9744	52
858	1682	2270	2998	3618	4228	4844	5458	6072	6686	7304	7918	8532	9146	9755	53

Debentures not listed above are not affected by this redemption.

The Debentures so designated for redemption will become due and payable, at the principal thereof, together with interest thereon accrued to the date fixed for redemption, in United States dollars to the holder either (a) at the Corporate Trust Office of the Trustee, One Bankers Trust Company, New York, New York 10006, or (b) at the office of the Trustee, One Bankers Trust Company, American-Boothschild Bank N.Y. in Amsterdam, Banque de Bruxelles S.A. and Societe Generale S.A. in Brussels, Deutsche Unionbank in Frankfurt/Main, Bankers Trust Company, J. P. Morgan & Co. Limited and C. G. Warburg & Co. in London, Banque de Paris et des Pays-Bas, Banque Paribas and Societe Generale and Banque de Luxembourg and Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg.

Payment of the redemption price of the Debentures called for redemption will be made upon the surrender of such Debentures with all coupons maturing after April 1, 1977. Coupons maturing on or before April 1, 1977 should be detached and surrendered for payment in the usual manner. Interest on the Debentures called for redemption will continue to accrue until the date of redemption.

The following are the serial numbers of the Debentures bearing prefix M which were called for redemption on April 1, 1974: 101, 105, 2190, 2285, 3077, 3255, 3608, 3858, 4315, 4223, 4224, 5225, 5226, 5227 and 5228. Debentures should be presented for payment with all coupons maturing after April 1, 1974.

AMAX INC.

By Bankers Trust Company

Dated: March 1, 1977.

NOTICE OF REDEMPTION

to the Holders of

The Japan Development Bank

Fifteen Year 5 3/4% Guaranteed External Loan Bonds Due October 15, 1979

NOTICE IS HEREBY GIVEN that Seven Hundred Forty Five Thousand Dollars (\$745,000), amount of The Japan Development Bank, Fifteen Year 5 3/4% Guaranteed External Loan Bonds due October 15, 1979 and bearing the following serial numbers have been drawn for payment of the fund for redemption on April 15, 1977.

COUPON BONDS

20	1150	1920	2627	4012	5720	6638	7924	8330	10692	12158	13617	14688	15678	16453	17
27	1163	1921	2627	4012	5720	6638	7924	8330	10711	12179	13645	14725	15688	16453	18
54	1166	1922	2628	4013	5721	6639	7925	8331	10732	12200	13666	14746	15709	16474	19
55	1171	1941	2609	4074	5843	6822	8022	8368	10735	12186	13640	14649	15713	16485	20
68	1183	1942	2633	4108	5850	6704	8022	8370	10742	12191	13645	14673	15727	16498	21
101	1194	1949	2641	4109	5858	6716	8044	8377	10750	12204	13658	14686	15739	16511	22
102	1198	1957	2647	4115	5865	6728	8063	8385	10759	12217	13671	14699	15752	16524	23
126	1203	1962	2613	4127	5869	6736	8061	8390	10760	12244	13690	14747	15782	16531	24
174	1204	1970	2614	4139	5879	6762	8068	8395	10812	12302	13699	14760	15795	16546	25
176	1212	1981	2621	4152	5894	6776	8113	8444	10814	12304	13701	14762	15797	16548	26
189	1223	1983	2633	4165	5898	6778	8114	8445	10815	12311	13718	14767	15801	16557	27
219	1225	1989	2634	4169	5901	6781	8121	8451	10823	12366	13739	14768	15823	16615	28
226	1212	2000	2655	4164	5924	6824	8134	8448	10820	12415	13800	14826	15887	16644	29
251	1215	204													



Back to work call supported by Callaghan

BY PHILIP RAWSTORNE

BRITISH LEYLAND'S expansion plans for this year would now have to be reviewed whatever happened in the toolmakers strike, Mr. James Callaghan told the Commons yesterday.

"How drastic it will be will depend on the speed with which the men return to work," he said.

The Prime Minister strongly endorsed the ultimatum to the toolmakers delivered earlier by British Leyland and the Confederation of Shipbuilding and Engineering Unions.

Mr. Hugh Scudamore, the engineering leader, said his colleagues deserved the full support of the Commons.

Mr. Callaghan's statement warning the toolmakers that if they did not return to work by Monday they would be regarded as having discharged themselves was "unprecedented",

The Government supported the joint statement and its attitude to future industrial disputes would depend on the response to it.

"In this very serious situation, the Government will have to review the future of British Leyland in the light of the way the situation develops."

Mr. Callaghan said that the review of the British Leyland plan for 1977 will be needed, he said.

Replying to Mr. Charles Morrison (Con. Devizes), Mr. Callaghan said that a fall in the volume of exports last month had been due to some extent to the position in the car industry.

Mr. Donald Stewart, the Scottish Nationalist leader, asked for justification there was for the Government to exert further pay restraint when the Government had failed to curb price rises.

The Prime Minister, hammering the Despatch Box with his fist, insisted that another period of restraint was vital.

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Growth in world trade must be aim, PM says

BY IVOR OWEN, PARLIAMENTARY STAFF

A "PRETTY" rapid growth in the industrial world should be the aim of forthcoming multi-lateral trade negotiations, the Prime Minister insisted in the Commons yesterday.

Reporting on his talks in Washington and Ottawa, he warned that a return to general protectionism would be the "wrong road" for everyone.

Mr. Callaghan told MPs that General Carter had agreed that general protectionism could only delay the world's emergence from the present economic recession.

Underlining the need to correct the distorted image of Britain still being mirrored abroad, the PM won approval from Mrs. Margaret Thatcher, Opposition leader, for the renewed emphasis being placed on the special relationship between Britain and the United States.

He said he had advanced the view to President Carter that the U.S., as the largest trading partner, was unable to resist pressure for protectionism at home.

But the Prime Minister while stating that the final decision would be left to the Foreign Secretary himself, emphasised his view that it would not be fitting for a British Minister to visit Salisbury at the present stage.

When Tory backbenchers chided "Why not?" Mr. Callaghan answered: "Because the territory is still a colony of this country constitutionally and it is in rebellion."

He added that if Mr. Smith wished to make arrangements to see the Foreign Secretary, he was sure that it would be possible for these to be made.

The Prime Minister assured the House that the Foreign Secretary would be looking for ways to achieve a "break-through" on the Rhodesia problem but again stressed that any solution would have to be acceptable to the people of Rhodesia as a whole.

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Aircraft and ships Bill now ready for Royal Assent

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE BITTER two year struggle over the Government's Bill to nationalise aircraft and shipbuilding came to a close in the Commons yesterday when the legislation went through its final stages following a debate lasting only 20 minutes.

After a troubled session spanning three sessions of Parliament, the controversial measure — the Aircraft and Shipbuilding Industries Bill — is now due for Royal Assent to-morrow.

The Lords amendments which remove the 12 ship repairing companies from the legislation were approved by MPs yesterday without a vote.

The exclusion of the companies was forced on the Government by the decision of the Lords examiners that the Bill was hybrid and discriminated against individual companies.

Had the Government decided to retain ship repairing, it would have meant further delays while Bristol Channel Ship Repairers, the leading opponent of nationalisation, put its case against the Bill under the hybridity procedure.

Yesterday's debate was shortened by the fact that MPs had to keep their remarks strictly pertinent to the Lords amendments.

Conservative attempts to argue that the ship repairing side of Vespco-Thornycroft should be excluded from the Bill were ruled out of order.

Mr. Stan Thorne (Lab. Preston S.) suggested that the Government should take a tough line with any ship repairing company which came forward in future with a request for Government assistance.

But he, too, was warned that he could not develop this theme.

Mr. Norman Lamont, a Tory spokesman on industry, emphasised that his party was still strongly opposed to the nationalisation of the two industries.

Mr. Thorne urged that if the Government has been taken forward to ask for assistance they should be told that the Government was re-considering its whole approach to providing public funds for them, particularly to firms that had indicated their opposition to public ownership.

It was quite wrong of the Government to try to use its slim majority to sweep aside procedures long established to protect the liberties of the individual, Mr. Lamont declared.

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Tories denounce Owen failure to include Rhodesia in tour

BY IVOR OWEN, PARLIAMENTARY STAFF

FAILURE TO include Rhodesia in the itinerary of Dr. David Owen, Foreign and Commonwealth Secretary, when he visits southern Africa next month, was strongly criticised by Conservative MPs in the Commons yesterday.

But the Prime Minister while stating that the final decision would be left to the Foreign Secretary himself, emphasised his view that it would not be fitting for a British Minister to visit Salisbury at the present stage.

When Tory backbenchers chided "Why not?" Mr. Callaghan answered: "Because the territory is still a colony of this country constitutionally and it is in rebellion."

He added that if Mr. Smith wished to make arrangements to see the Foreign Secretary, he was sure that it would be possible for these to be made.

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Empty homes Bill introduced

A BILL to encourage the short-term letting of empty homes, while giving landlords powers to regain possession, was given its formal first reading in the Commons yesterday.

Mr. Brandon Rhys Williams (C. Kensington), who introduced the Bill under the 10 minute rule, stressed it could be particularly valuable in areas where many houses stood empty despite the growing problem of homelessness.

It could also alleviate the problem of squatters as many were willing to enter into a short-term lease and pay a fair rent for a property.

At present, landlords were undoubtedly afraid of letting properties for a year, or a couple of years. But if they could be sure they could get the house back without too much difficulty, his attitude would change, he said.

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Clash over gas price proposals

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN caused confusion in the Commons yesterday by apparently challenging Conservative proposals to a vote on the proposed increase in gas prices.

In angry clashes with Mrs. Margaret Thatcher, the Prime Minister said: "We have brought this to the House and we shall ask for its combination of what we are doing."

"If the House refuses that confirmation, it will be destroying the economic progress as a whole," he said.

But it was later explained that the Prime Minister had not implied that there would be a separate vote on the Government's price rise Order which does not require Commons approval.

He had merely been insisting that the Conservative vote on the price Code "by which the Government had raised gas prices while, at the same time, assuring the importers of maintaining pay restraint" was a breach.

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School meals

se likely go ahead

DEPARTMENT OF Education will resist pressure from school MPs to drop the plan to increase the price of school meals to 25p in the autumn.

Margaret Jackson, Education Secretary said that the Department was cost about increases, the cost of school meals had risen by a substantial amount and it was not being maintained at its level much longer.

Lloyd Roberts (Lab. Chesham) argued that many people with large families were greatly concerned about increases in school meals and that the Government had a duty to consider the needs of these people.

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PRIME TIME IN THE COMMONS PROGRAMME

Prime time for Europe

BY ROBERT CORNWELL, LOBBY STAFF

IT IS A big day for Europe in the Commons. It is one of those occasions when prime time is devoted to EEC matters, the last chance for the Commons to assert itself before the Council of Ministers and probably several sessions before a complete package is agreed.

Again, critics of the Westminster system of Brussels are to be heard and the Community complaint that the Commons is being denied its opportunity to discuss the current of planned legislation pours out of the Commons.

The nub of the problem is the material waiting to be discussed by the Commons. Every day, the Select Committee EEC meets to run the rule of 20 or 30 "instruments" (as they are called), from which the Commons must choose those to be approved on the nod, others may figure in one of many reports.

Two or three reports up which are deemed of such importance that they should be debated on the floor of the Commons.

There are now about 60 such reports queuing up for their share of the Commons' attention. The natural desire of the Commons is to discuss them all, but it is impossible to do so. To restrict their number, the Commons has to choose the floor of the Commons.

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FINANCIAL TIMES SURVEY

Wednesday March 16 1977

JP 1/16/77

Aquitaine



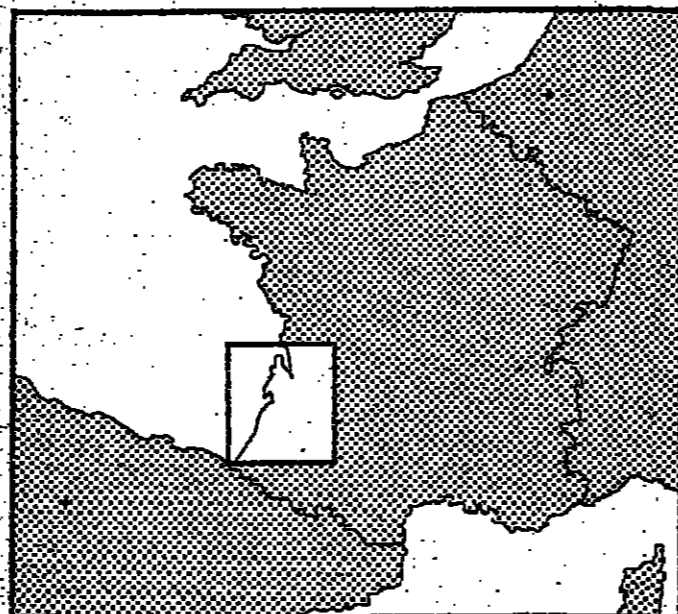
Invest in a profitable partnership with nature.

Aquitaine, the only remaining resort of its size in Europe is being developed — most carefully! It offers a unique opportunity for anyone seeking a long term investment in the European holiday and leisure market.

A sunshine coast from Medoc down to Spain.

The sea, the forest, the lakes and the glorious sun — the wild unspoilt beauty and deep-rooted cultural heritage of the area — these make the coast of Aquitaine the ideal place for the development of the kind of active holiday making which has proved by its growth to be the springboard for future tourist expansion.

The Commission appointed to oversee development of the area is well aware of dangers of uncontrolled tourism, not least



the destruction of the very environment which the holidaymakers seek. Their plans guarantee Aquitaine will remain Aquitaine — for tourists and local people alike.

A ready-made market.

Important towns, like Bordeaux, Mont de Marsan, Pau, as well as Toulouse, offer a large nearby urban market with a taste for the great outdoors. And thanks to easy cross-Channel services and excellent French roads, Aquitaine is quickly accessible from England, other parts of France, Germany and Western Europe.

The area has seen an increase in tourism of some 7% in the recent past — more than most other parts of Europe.

The future assured.

In all, twelve zones have been chosen for phased development. When completed, they will make Aquitaine the most all-embracing holiday area in Europe. By the time the target of 575,000 beds has been reached, Aquitaine

will be established as not merely one of the most popular holiday areas but certainly as one of the most enlightened.

All who are concerned with the future interests of European tourism and the planned development of a profitable investment in an area of high potential are invited to telephone or write for further details to: Oliver Trenner,

Aquitaine Coast Development Commission

178 Piccadilly, London W1V 0AL.
Telephone: 01-499 6889.



AQUITAINE III

Tight planning for tourism

WHEN THE Gironde estuary flows into the foothills of the Mes this area of binary beauty and for high summer—pleasantness. French created it, planting millions of trees and stabilising 3m. sandy marshes. Winston Churchill painted it, a fact recently hit the headlines as his widow sold his painting to help with her debts; and now the French are refurbishing it, and the Aquitaine coast.



An oil painting of Mimizan by Sir Winston Churchill. Painted in 1924, it was sold by Christie's recently for £48,000.

was suitably nervous the whole idea of change a ago. The area includes spacious vineyards of and runs down to the sea where central aqueduct even in France those its words and with care. At the time as some concern about them areas of France had been by-passed by French economic particularly in the fields. As a result money had been poured into the mountains

ment of Aquitaine's rip is now firmly in the one body and the only is used advisedly. J.M. Emile Biasini who is Mission Interministerielle pour L'Aménagement de l'Aquitaine has a dis-easy-going approach, firmly clear deter- mine what things to see that things to happen. Within a Gironde and Landes, and five along the Basque coast. There will be modest development in some of the villages of the Basque mountains and in the valleys of the Adour and the Gaves. Leisure and industrial management of such a large populated area has never been attempted in the West on such a detailed scale. Most nations some their development areas and have basic regulations for

Aquitaine. Some £50m. and seven years later, Biasini appears to be riding high. A gathering of local mayors and delegates recently to air any regional grievances produced not one criticism of the commission, a fact which seemed to surprise him as much as please him.

Basically the Mission plan is to confine expansion to 14 specific areas along 170 miles of coastline and to invite French and foreign private investment in these developments, which are themselves clearly outlined. The idea is to provide marinas, hotels, leisure centres and golf courses without disturbing the essential quality of Aquitaine. The Mission will help both directly in the projects and in the provision of infrastructure both within the development "units" and in the surrounding areas.

The type of development which is to be allowed (rules affecting the number of floors to hotels and apartment blocks, or the building materials to be used), but the Mission's power and influence extends considerably further, into areas normally handed over to the local authorities. It is hardly surprising therefore that the Aquitaine experiment is being watched closely by other nations to see if it succeeds in creating a mix of profit and pleasant environment, or whether M. Biasini and his Mission will fall flat on their faces.

At the moment Aquitaine's mood is created largely by its natural beauty, even if "natural" is wrong for wooded areas planted by man about a couple of hundred years ago. Into this basis has been planted a pattern of small, but largely anarchic, development typical of much of coastal France. Charming little fishing villages which have sprouted holiday homes and hotels; less than charming beach complexes which look like ghost towns for much of the year but spring to sandy life in the summer; and winding roads built for farmers and sometimes overcrowded with holidaymakers.

Although in France as in most other countries any development is surrounded by a tangle of planning zones, building permits and the like, along the Aquitaine coast all these are subject to the overall policy of the basic development plan. This plan was approved in 1972 for the northern areas, and in 1974 for the Basque region.

Now there are obvious signs of the progress made so far and of the groundwork being done for future development. When the Mission started its work the dream of planned tourist expansion was to some an opposing view appear to have come closer together.

Arthur Sandles

Forest potential to be realised

ANGLE formed by the Atlantic coast. The Atlantic coast is rich in forest resources of the area of timber some 1.7m. hectares and to some 5.7m. cubic metres a year.

Traditionally about 30 per cent. of the silviculteur's income has come from the final clear-cutting of mature trees. However, a higher proportion now comes from the young trees thinned out for industrial use.

The main limitation of the maritime pine as a wood lies in the tapering shape of the tree. This means that the saw mills can cut only 2-metre lengths. This, in turn, means that the wood is destined overwhelmingly for parquet, panelling, packaging (wooden cases and the like) and pallets. The annual production in the region of parquet and panelling is around 600,000 cubic metres (there is also an important and expensive market in wood for heading cut from knot-free timber). Production for cases, pallets and bobbins is rather less, as is timber frame for house construction.

was reckoned to rise by some Frs.100 per year per hectare. Now bare land runs to Frs.4,000-5,000 per hectare. By the time an initial population of some 3,000 trees has been thinned to the final population of around 200 mature trees for the saw mills, the value (calculating on the basis of Frs.150 for a cubic metre of mature timber) is some Frs.20,000 (£2,400).

Thinned. The price of wood, which also affected industrial timber, hit just at the onset of economic recession. Companies ate into their stocks (which they are now reconstituting), but the severe contraction of demand for packaging materials and in the construction industry caught them in a wedge between rising raw material prices and a collapsing market. La Cellulose du Pin says its net losses last year were of the order of Frs.50-70m, though it managed a positive cash flow of some Frs.10-12m.

The problem for the paper-makers is that the price of wood represents 40 per cent. of paper. In France, not only are forest resources rather under-exploited, but the price of wood until last September in Aquitaine was the highest in France, higher than most European sources, particularly Scandinavia, and perhaps double American prices.

price was at Frs.150. By spring the following year it was climbing towards Frs.250 and touching at times Frs.260. It came down to Frs.180, but with the owners—well organised themselves—keeping timber off the market rather than permit a price decline, the erosion was only to Frs.180 or so. It is now around Frs.150-160 thanks partly to better organisation by the main timber buyers and partly to a severe storm before Christmas last year which forced the owners quickly to get rid of a lot of damaged wood.

This price rise, which also affected industrial timber, hit just at the onset of economic recession. Companies ate into their stocks (which they are now reconstituting), but the severe contraction of demand for packaging materials and in the construction industry caught them in a wedge between rising raw material prices and a collapsing market. La Cellulose du Pin says its net losses last year were of the order of Frs.50-70m, though it managed a positive cash flow of some Frs.10-12m.

The industry has also had to face heavy anti-pollution costs, has been unable to depreciate sufficiently because of the depressed state of the market and has faced severe competition on prices as manufacturers sought to dispose of stocks of finished products. On top of this the paper-making industry remains highly fragmented and has been trapped between

elderly installations ceasing to be competitive and new plants unable to reach satisfactory capacity because of the lack in demand.

Study. The timber and paper packaging industry in France as a whole is under Government study at the moment because the sector represents, at Frs.9bn. in 1976—the second largest trade deficit after oil. One of its main concerns will be to tackle the fragmentation of ownership of France's forest resources between some 1.5m. owners, which reduces its capacity for exploitation. The second main concern is the debt-ridden situation of the paper industry, and the expectation here is an eventual regrouping of the industry around two major poles: a writing paper and quality products pole and a packaging industry which would certainly be organised around La Cellulose du Pin. La Cellulose du Pin (which is a subsidiary in the writing paper field) itself favours a concentration of packaging interests in the Landes, where the timber lends itself to this activity, and a concentration of writing paper in eastern France.

Whatever the outcome of the Government's deliberations it is likely to put the emphasis on more intensive exploitation of the country's forest resources, and a primary resource remains the forest of Gascony. Intensive research into selection of seeds, fertilising and husbandry is already carried out, and the most optimistic school of thought reckons that the forest's capacity can be doubled over 15 years. It looks a useful future for a forest that was only planted in the first place to knit the dunes together along the coast.

David Curry

How France is planning Europe's future playground.

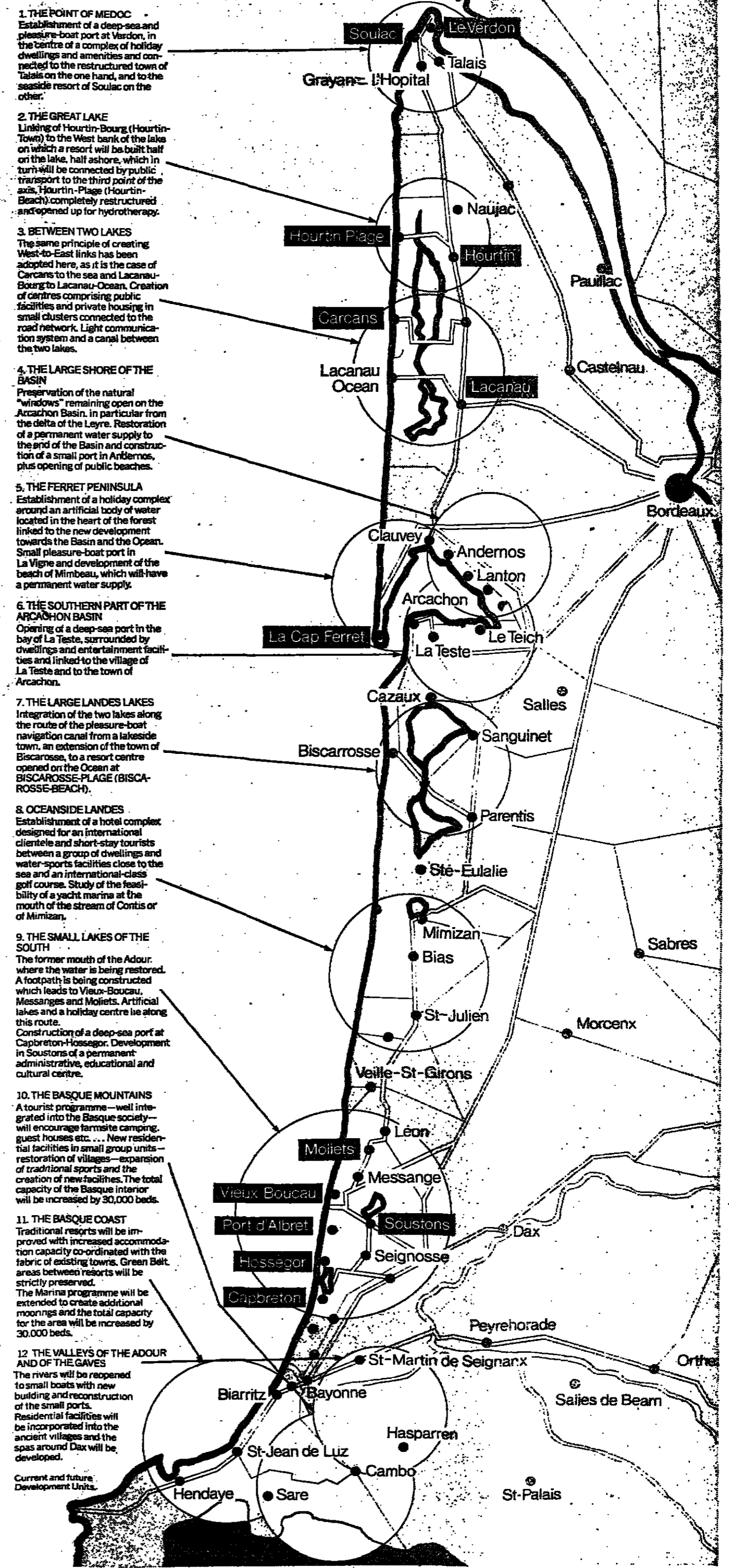
Aquitaine—the unique land of space and freedom—endowed with the natural beauty of Europe's largest forest, beaded with over 200,000 acres of placid freshwater lakes, washed by the exciting breakers of the Atlantic along 150 miles of sandy beach, studded with historic towns and drenched in 2,200 hours of southern sun each year. Nothing can be allowed to spoil it.

All the developments taking place in this natural paradise have been carefully planned to provide maximum leisure facilities with minimum loss of regional character.

To preserve the Coastline, building is set back from the beach, taking advantage of the forest and lakes, whilst still being close to the sea. The new communications network will benefit both landscape and community.

Aquitaine is the last remaining undeveloped resort area of its size in Europe. The French Government is pledged to see that it remains unspoilt.

For information on existing holiday facilities in Aquitaine, contact The French Government Tourist Office, Aquitaine Dept., 178 Piccadilly, London W1V 0AL.



1. THE POINT OF MEDOC Establishment of a deep-sea and pleasure-boat port at Verdon, in the centre of a complex of holiday dwellings and amenities and connected to the restructured town of Talais on the one hand, and to the seaside resort of Soulac on the other.

2. THE GREAT LAKE Linking of Hourtin-Bourg (Hourtin-Town) to the West bank of the lake on which a resort will be built half on the lake, half ashore, which in turn will be connected by public transport to the third point of the axis, Hourtin-Plage (Hourtin-Bourg) completely restructured and adapted up for hydrotherapy.

3. BETWEEN TWO LAKES The same principle of creating West-to-East links has been adopted here, as it is the case of Carcans to the sea and Lacanau-Bourg to Lacanau-Ocean. Creation of centres comprising public facilities and private housing in small clusters connected to the road network. Light communication system and a canal between the two lakes.

4. THE LARGE SHORE OF THE BASIN Preservation of the natural "windows" remaining open on the Arcachon Basin, in particular from the delta of the Leyre. Restoration of a permanent water supply to the grid of the Basin and construction of a small port in Arderens, plus opening of public beaches.

5. THE FERRET PENINSULA Establishment of a holiday complex around an artificial body of water located in the heart of the forest linked to the new development towards the Basin and the Ocean. Small pleasure-boat port in La Vigne and development of the beach of Mimbeau, which will have a permanent water supply.

6. THE SOUTHERN PART OF THE ARCACHON BASIN Opening of a deep-sea port in the bay of La Teste, surrounded by dwellings and entertainment facilities and linked to the village of La Teste and to the town of Arcachon.

7. THE LARGE LANDES LAKES Integration of the two lakes along the route of the pleasure-boat navigation canal from a lakeside town, an extension of the town of Biscarrosse, to a resort centre opened on the Ocean at BISCARROSSE-PLAGE (BISCARROSSE-BEACH).

8. OCEANSIDE LANDES Establishment of a hotel complex designed for an international clientele and short-stay tourists and water-sports facilities close to the sea and an international-class golf course. Study of the feasibility of a yacht marina at the mouth of the stream of Cortis or of Mimizan.

9. THE SMALL LAKES OF THE SOUTH The former mouth of the Adour, where the water is being restored. A footpath is being constructed which leads to Vieux-Boucau, Messanges and Moliets. Artificial lakes and a holiday centre lie along this route. Construction of a deep-sea port at Capbreton-Hessegor. Development in Soutons of a permanent administrative, educational and cultural centre.

10. THE BASQUE MOUNTAINS A tourist programme—well integrated into the Basque society—will encourage short-stay tourists, guest houses etc. New residential facilities in small group units—restoration of villages—expansion of traditional sports and the creation of new facilities. The total capacity of the Basque interior will be increased by 30,000 beds.

11. THE BASQUE COAST Traditional resorts will be improved with increased accommodation capacity coordinated with the fabric of existing towns. Green Belt areas between resorts will be strictly preserved. The Marina programme will be extended to create additional moorings and the total capacity for the area will be increased by 30,000 beds.

12. THE VALLEYS OF THE ADOUR AND OF THE GAVES The rivers will be reopened to small boats with new building and reconstruction of the small ports. Residential facilities will be incorporated into the ancient villages and the open dunes of Dax will be developed.

Current and future Development Units.



The Management Page

Rhys David reports on why a U.K. industrialist feels that one of Britain's most successful industries is susceptible to an assault on its market from overseas

Threat that faces U.K. carpets

The British carpet industry is usually regarded as something of a model in the textile sector. Its export performance is good, amounting to 20 per cent of output by value last year, and exports are running at less than per cent of all the carpets made in the U.K. Britain has the second largest carpet manufacturing industry producing the traditional woven Axminster or Non-type carpet, and has also been among the innovators in the development of tufted carpets.

But recently a suggestion that may be vulnerable has been forwarded by Mr. Robyn Grant, managing director of Heuga U.K., a company which takes a more than usually uncomplimentary view of the industry. Heuga, owned by a Dutch firm, dominates the carpet business in Britain, with a 60-70 per cent of the market which itself represents and a per cent of total carpet usage in the U.K. In 1976, Heuga, which claims to have achieved a five-fold increase in sales and profits in the last five years, has both sides of the export business. It imports the bulk of its requirements from abroad, but at the same time manufactures production in the U.K. from other manufacturers supplement its own ranges of those of Continental firms.

One of its chagrins is still associated with original hair tile, but it has recently added a further nine to its range, which has effectively doubled the company's size, and now offers a range of domestic tiles, including some 100 per cent wool, in addition to its contract ranges for hospitals, offices, schools and other institutional applications.

Mr. Grant's concern is the very severe price competition in which the industry found itself embroiled in 1976, and which he believes could be debilitating it, leaving it susceptible to attack by Continental manufacturers. The industry has got into this situation through typical British under-estimation but because of what is termed flagrant over-investment in new tufting equipment. Tufted carpets have now grown to well over two-thirds of the total market. In recent years this situation has been helped by

advances in printing which has enabled tufted carpets to compete more successfully with the traditional wovens.

The relatively low capital costs involved have made it possible, however, for a number of companies to enter first the tufting business and subsequently printing, and it is now reckoned that total printing capacity in the U.K. is double the market requirements. Furthermore a number of companies are trying to move away from the very severe price competition at the bottom of the market by installing yet more sophisticated printing equipment, using computer-controlled dye injection and other advanced techniques, in the hope that this will enable them to move up-market. Out of an estimated 70 or so printers around the world the U.K. has about 15; most of the rest are in the U.S.

This fierce competition within the UK has been one factor in persuading UK manufacturers to seek sales abroad and last year at £112m the industry's exports were up by more than half on the £71m total in 1976. However, as Grant points out, competition has also brought an unhealthy shift in economic power within the industry towards the retailers, who have been able to drive the industry into supplying keenly-priced unbranded goods. Though the consumer may be deriving a temporary advantage in the longer term the industry's ability to develop quality products which could compete with the best carpets produced in other centres, such as the U.S., Belgium, and Germany, may be put at risk. Once these countries decide to go for the British market they will base their efforts not so much on price but on value for money, design, and after-sales service, Grant believes.

Perhaps significantly a similar point has been made about the influence of the big retail groups in the clothing industry where the British textile industry has already seen a major decline in its fortunes. The powerful textile retailing chains have been blamed for depressing standards of quality and design by insisting that goods must be made to sell at certain price ceilings. The consequence, it is claimed, is a reduction of profit in the clothing industry and delay in investment needed to introduce new techniques. The U.K. has thus been left vulnerable to imports of superior merchandise from the Continent and it has become



Mr. Robyn Grant, managing director of Heuga U.K.

more difficult for the British industry to sell its bulk lines abroad.

Against the background of a static home market the British carpet industry has seen its production capacity increase while its profits have reduced from an average of 20 per cent to 8 per cent in 1975 and less still in 1976, and without its export performance profits would have been worse still," Robyn Grant says. Meanwhile the profitable carpet retailer groups with average returns of 20 per cent in 1975 are outpacing the manufacturers on advertising. Last year their advertising budgets almost doubled to more than £8m. compared with a

figure of only £360,000 by the manufacturers.

Grant himself forecasts that as a result of present trends, the industry—currently split into a large number of groups including three or four big concerns—is likely to become increasingly concentrated into larger units, with employment, at present around 35,000, falling by perhaps 20 per cent. He claims that growing retailer strength could lead to a concentration of a few major buying organisations which would be to the detriment of wholesalers and small businesses. "Further price competition in the industry could undermine its export performance," he adds.

Heuga, which has set its sights on 10 per cent of the U.K. market and which is planning to introduce a broad range to supplement its tiles next year, is urging the rest of the industry to get in touch with customers again and not leave the protection of the industry's wares entirely to the big carpet retail groups.

According to Grant the industry has to re-learn the art of aggressive marketing through retailers, and not just at them, and must establish strong brand images in the public mind. As other textile areas in the U.K. large quantities of carpet are now sold under retail brand names rather than manufacturers' names. The re-establishment of a strong brand identity would, it is argued, also help the industry in export markets, where for the past year it has been selling on price—un-

advantage unlikely to last indefinitely. It would also benefit the wholesalers who, like the manufacturers, have seen their profits decline in recent years.

Heuga already practices what it preaches, holding a position as the leading advertiser among manufacturers despite its very small share of the market—around 2-3 per cent of total U.K. carpet sales. The company claims an 85 per cent awareness of its brand name among architects—a key group because of the importance of tiles in the contract area—and a further 50 per cent of daily newspaper advertising is about to be launched to put the advantages of tiles to a wider public.

Unless other companies are prepared to rethink their strategy, particularly on pricing, the industry, despite its apparent strength in the U.K. market and its recent success in export markets, could be in for unpleasant shocks, Grant believes.

It is after all only some 10-15 years since the British carpet market was regarded as one of the most chauvinist in the world, protected by generations of brand loyalty, superior British engineering and styling, and left-hand drive. The British carpet industry may not be so important but its output last year was worth a hefty £455m. In sales, it could succumb all too easily, Grant believes, to the marketing efforts of more profitable, innovative and brand-conscious foreign companies unless it looks hard at policies in some key areas.



IT IS ALWAYS hard for those brought up to believe in competition as the most beneficent market force to realise that the exclusive rights which are granted by national copyright, patent, trade mark and design laws are granted because it is in the public interest to grant them.

This is how the Whitford Committee on Copyright and Design Law, in its report published on March 3, summed up the problem of competition and licensing after first having complained about the shadow of the EEC Commission hanging over the rights granted by national laws to reward innovation.

Up roar

Five days later, on March 8, the CBI held a conference on licensing and transfer of technology and Dr. Hartmut Johannes, the architect of EEC policy on patents, trade marks and copyright, came from Brussels to explain what concessions the Commission is ready to make in view of the general uproar provoked by its draft regulation on patent licensing, a subject covered in this column eight weeks ago. However, before reporting the Commission's new ideas in detail, it should be noted that the representatives of British industry at the meeting were clearly displeased. Seldom does one hear a project, on which representatives of the nine member States spent some considerable time, condemned in so strong terms. Mr. J. M. Aubrey of Courtaulds, and past president of the Trade Marks, Patents and Design Federation, said that "both the principle and draft of the regulation are wholly bad." He urged the Government to oppose it and at least protect those who had already concluded licensing agreements and to rely on the Commission's earlier more tolerant policy.

Uncertainty over patents

BY A. H. HERMANN

ing in April. It divides the various restrictive clauses which appear in licensing agreements into three categories. The first category includes restrictions which would be allowed if certain general conditions are satisfied. The second category includes restrictions which are definitely prohibited. And the third category is formed by all those unspecified restrictions which fall neither into the first nor the second and on which the Commission wishes to decide case by case. Dr. Johannes said that the special notification procedure devised for this last category will be simplified and, in particular, the Commission will not insist that applicants should provide documentation on all licensing agreements

CBI conference in the wider context of the world-wide problem posed by the demands of the developing countries. These would restrict the freedom of those who have new technology for disposal far more than any proposals drafted in Brussels can. To use the phrase attributed to one of the representatives of the African countries: "Political decolonisation achieved by violence should be followed by technological decolonisation achieved under duress." Such decolonisation pursued by the "Group of 77" (which now amounts to well over 100 developing countries) in the UN and though many of these countries realised that such radicalism is probably counter-productive, they do not appear to dare to oppose the leadership constituted by the "militant" and by the OPEC countries.

The drawing up of a Code of Conduct on licensing, setting out conditions to be included in licensing agreements with developing countries, was agreed by the General Assembly of UNO in New York in 1975. UNCTAD (UN Conference on Trade and Development) is now in the process of drafting the code in Geneva, with the intention of having it approved by a UN Conference in New York next year.

The EEC Commission is ready to make concessions to its draft regulation on patents and licensing, but they are unlikely to satisfy industry

concluded in the past as was originally wanted.

Another concession which the Commission appears to be ready to tolerate concerns the "field of use" clauses. It now admits that if the licensee was not allowed to licence the use of a patent only in a part of the field it covers, this would oblige companies to take out several more specialised patents where one would otherwise be sufficient—and that holders of older, comprehensive patents would be at a grave disadvantage. Another minor concession to which the Commission is now more amenable concerns arbitration. It is now prepared to allow this to take place also in third countries outside the Community.

However, all these concessions are only on the margin of the problem which the whole project presents to Europe's industry. It would need to be thoroughly reshaped to become compatible with the continuance of patent licensing. The anti-trust limitations which the EEC Commission intends to impose on patent licensing were discussed by the

Binding code

What the developing countries want is a code which would be binding on all countries and would oblige them to compel companies to make new technology available to developing countries under specially favourable terms. Such terms should, for example, limit the payment of royalties to five years only, after which time the licensee should be free to sell the licence to anybody—including the original licensor's competitor!

There is little doubt that a correctly recognised self-interest of the developing countries should stop such extreme demands which would only compel research-based companies to think of other ways of getting a reward for their innovations and to give up licensing altogether. If licences are to be materialised, parties must be left free to negotiate terms acceptable to both sides. As Mr. C. G. Wickham, chairman of CBI Industrial Property Panel, told the conference, what is needed is to remove the controversy from the political arena and to return to co-operation.

BUSINESS PROBLEMS

Failure to tender rent

I bought the 16-year lease of a shop about five years ago and two years ago my landlords, who previously sent out regular rent demands, disappeared after their business had apparently folded up, but just what happened I do not know. Meantime I have paid no rent. Am I supposed to try and find out who my landlord now is? If no rent is demanded, do I eventually acquire the freehold? What do you advise me to do?

A strict law it is the duty of a tenant, as debtor, to seek out his landlord and tender rent to him. However, since the (previous) landlords have set up a practice of sending out rent demands you

Supplies of power

cannot be criticised for not tendering a rent. If the landlord comes to realise that he should have demanded rent, he can claim up to six years' arrears of rent. You will not acquire a right to the freehold until you have occupied the property without paying rent or acknowledging anyone else's title for over 12 years after the lease has ended. Thus it will not be for at least 28 years that you could set up a possessory title to the property. We think that your best course would be to place on a deposit account the money which would be payable as rent in the normal course. If no claim for rent is made in the next six years you can cease paying into the account as you will have available the maximum amount of arrears of rent which the landlords could claim.

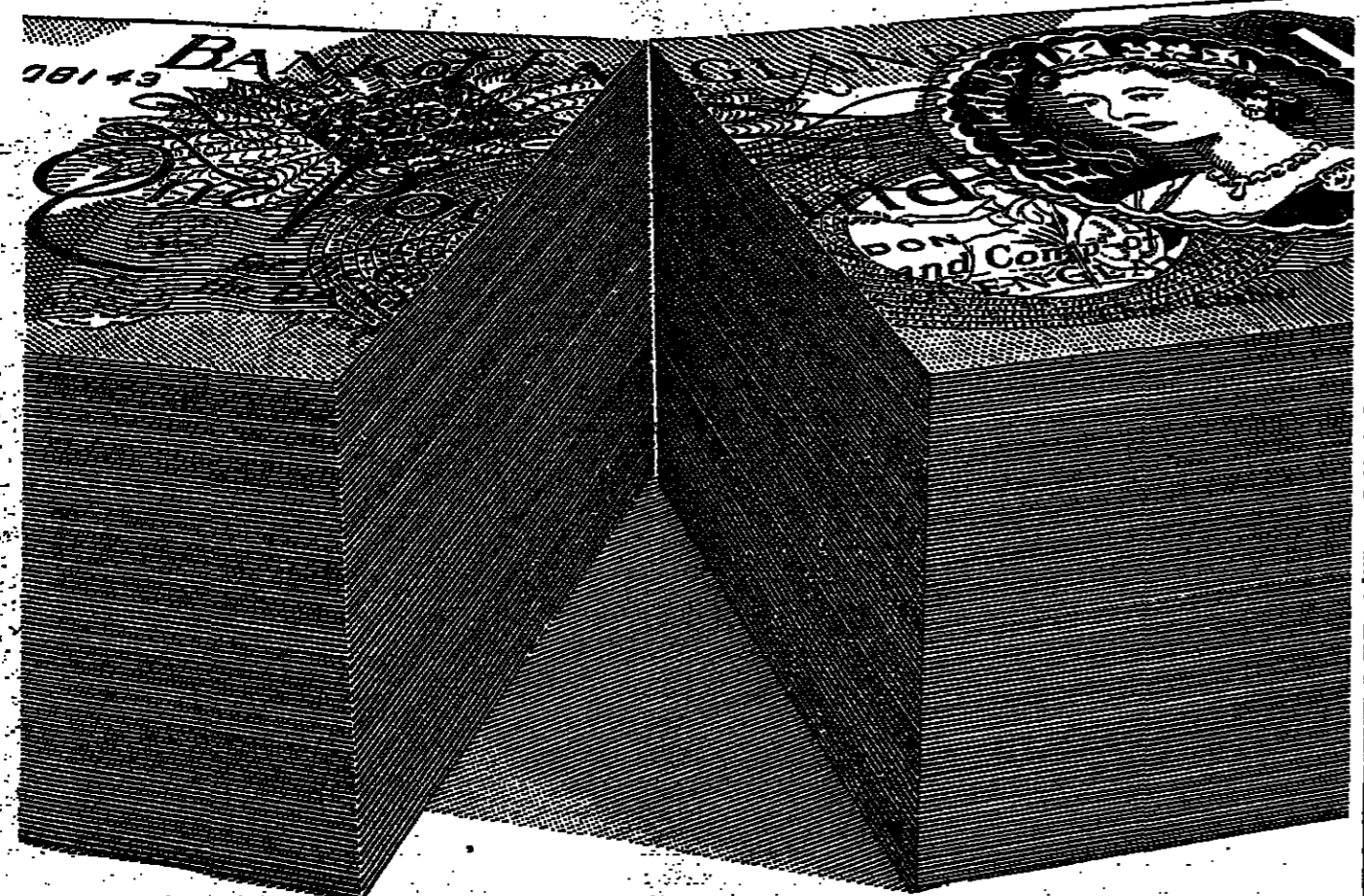
BY OUR LEGAL STAFF

Supplies of power

Could you tell me what moves, if any, can be taken by an Electricity Board which has supplied power to a company which has been struck off?

Unless the contract for supply was guaranteed by an individual the Board can only petition the Court to restore the company to the register and then pursue its claim against the reinstated company (apart from cutting off the supply).

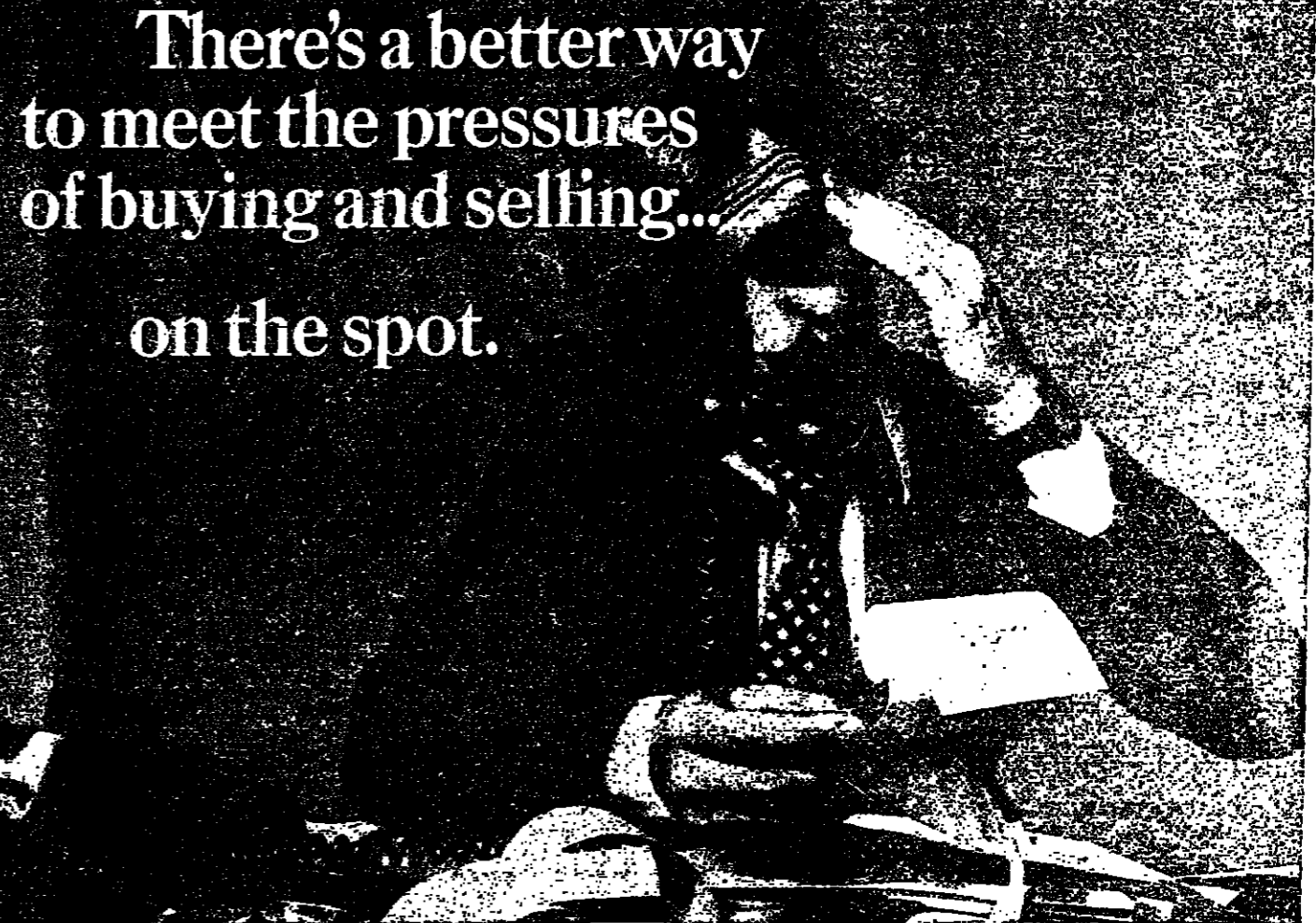
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New idea? NRDC can halve the development cost.

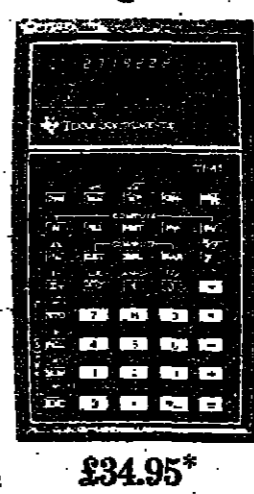
If your Company has a viable new technical idea, now's the time to develop it, ready to take full advantage of the national recovery as it arrives. NRDC can shoulder half the cost and take half the risk. You will keep full control of the project and you won't have to pay a penny for the money until sales revenue is generated. Contact NRDC now. Write to the National Research Development Corporation, Kingsgate House, 66-74 Victoria Street, London SW1E 6SL. Better still, ring Brian Mann on 01-828 3400.

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WEDNESDAY, MARCH 16, 1977



Congress ballot paper symbol.

India at the crossroads

BY DAVID HOUSEGO in New Delhi



Janata ballot paper.

The future of Leyland

THE TOOLMAKERS' strike at Leyland has raised two issues of fundamental importance for this country's industrial future.

Special skills In other industrial countries a combination of management firmness and union discipline has produced a state of affairs in which, in general, it does not pay to go on unofficial strike.

Organisation If and when the toolmakers return to work and a more peaceful industrial relations climate is restored, some organisational and management changes may be necessary.

As for the Government's position...

THE ELECTION in India, where polling begins today, is the most closely fought since independence, and never have the stakes been higher.

Common front The shock to Mrs. Gandhi has been the breadth of the hostility she has aroused.

Resentment of Mrs. Gandhi's authoritarian rule and the extra constitutional powers of her courtiers were widely shared both in Congress and outside.



India, the world's largest democracy, has an electorate of 320m. But sheer size, rural poverty, and a literacy rate of only 30 per cent. cause many problems.

Prime Minister; Mr. Charan Singh, an Indian Cobbett who peddles his populist views to the farmers of northern India; Mr. A. B. Vajpayee, the articulate spokesman of the Right-wing Hindujans of the Jan Sangh.

For most villages the appeal to "constitutional liberties" has little meaning. But translated into safeguards against a sterilisation programme that was either unwelcome or feared, it became a tangible symbol of their physical dignity.

Whether the opposition would be able to repeal the Nor has been less than a struggle of rival factions within itself.

Whether the opposition would be able to repeal the Nor has been less than a struggle of rival factions within itself.

No alternative to AWACS

SOME TIME in the next few weeks member Governments of NATO will have to take a decision that will test to the utmost not only the Alliance's will to defence itself, but also its willingness to act together.

Nimrod The solution proposed many months ago by the NATO international staff in Brussels is a system known as AWACS (airborne warning and control system) based on a converted Boeing 707 aircraft crammed with electronic equipment.

The principal reason why it has not been adopted so far is the reluctance on the part of West Germany to find the money and, to some extent, to be convinced of what AWACS has to offer.

MEN AND MATTERS

The Britons at Aston Martin

It is now 21 months since a couple of North American businessmen—Peter Sprague, chairman of National Semiconductor, and Canadian George Minden—stepped in to rescue the Aston Martin Lagonda luxury car company.

This has changed with the appointment as managing director of 59-year-old Alan Curtis, an unusual blend of aviation and property expert who owns about a third of the revived Aston Martin company.

That to its credit, has long been the attitude of the British Ministry of Defence. It cannot, however, hang out indefinitely, continuing to fund the Nimrod programme as a fallback while waiting for the AWACS decision to be taken.

ZDF's choice

The process of picking a new boss for West Germany's second television channel, ZDF, looked a little like choosing a pope.

Germany's first TV network, ARD, started in 1952, and it was another 11 years before ZDF appeared.

Germany's first TV network, ARD, started in 1952, and it was another 11 years before ZDF appeared.



"Stimpson is our EEC butter mountain expert!"

salary will be just over £55,000 a year, though dramatic change would be highly unlikely; for one thing, no television administrator would want to start tinkering with the times of political news programmes which are popular if naturally advertised East of the border.

Getting on "I've led the way by resigning to-day, Feb 70 but I don't feel it."

Feel free Among the Charitable and Benevolent Organisations listed in the central London Yellow Pages telephone directory is the Fiesta Sandwich Bar, 48 Horseferry Road, SW1.

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Adjusting to technological innovation

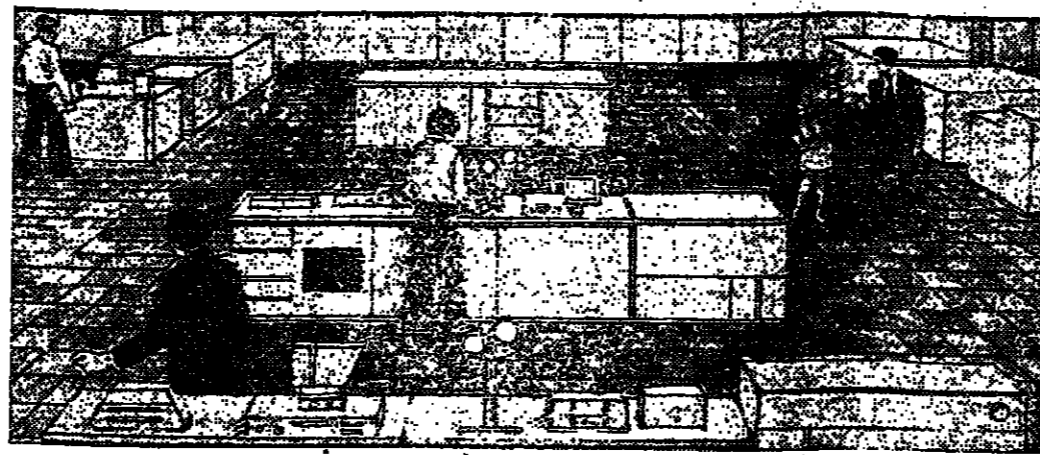
BY DAVID FISHLOCK, Science Editor

AR political thinking which has carried out its own regeneration of the decision—elected to invest in a fifth reality, is being geographically by a system for its telephone network industrialist in just sentences at a society meeting last Mr. Ken Corfield, the managing director of the new TXE 4 system for the telephone network. But it was compatible with the existing network, with a point since there could be no question of tearing out the network and starting afresh. For the customer, the investment offered the prospect of services which could never become possible with electro-mechanical switching. For the PO, it offered the prospect of regaining control of operating and maintenance costs, through a network that would need fewer staff.

Four years later, the supply industry is well advanced with the TXE 4 system, the first stage in the transition to an all-electronic telephone network for Britain. For the manufacturers, said Mr. Corfield, the change meant a reduction in the numbers employed directly on production lines of about 90 per cent.

But TXE 4 is only a step in the transition to the all-electronic system being developed jointly by the PO and its suppliers. System X, probably the industry's best export prospect long-term could, if properly implemented during the 1980s, bring about a further reduction to one-tenth of the industry's already shrunken workforce.

Mr. Corfield demonstrated how different the new production lines would be from the large "metal bashing" factories used to make electro-mechanical switching. The new lines would be laboratory-like, producing electronics as a continuous and



"The new production lines would be laboratory-like": Artist's impression of a "production line" for telecommunication equipment in the 1980s. By courtesy, Standard Telephones and Cables.

automatic process, virtually untouched by hand.

Moreover, he forecast that over the next ten years the "capability" of each cubic inch of electronics would increase a further thousand-fold. "The impact on our people will be dramatic and, as is usually the case, it will probably be with us physically before we have made the necessary psychological and philosophical adjustments."

The joke about a semiconductor company becoming so successful that it had to move into smaller premises is, in reality, a social comment the implications of which have gone largely unheeded at Westminster and Transport House.

Few Ministers, for example, seem to have grasped the implications of their own exhortations to industry to invest. Industrial investment, whether in revamped or entirely new factories, is largely synonymous with what once was known as automation. The pressures on

industry to minimise its use of people are immense.

Similarly, new products which are attractive for those which exploit new technologies both in conception and manufacture, and which might thus find worthwhile overseas markets because of their technological content. Electronics lies at the heart of many potential new products and, as we are seeing in telecommunications, electronics is replacing the traditional mechanical or electro-mechanical mechanisms in products as far apart as watches and warplanes. And as Mr. Corfield has shown, electronics offers unparalleled scope for automation in manufacture.

It is often said that Britons are good at thinking up new ideas and inventions but poor at exploiting them in the market, allowing the Americans to profit. (The French, incidentally, make the same assertions

half of them sharp bends—and the railways were looking for a way of keeping trucks from becoming unstable at 15 mph and leaving the rails altogether at speeds greater than 50 mph. The solution, found in the physics of wheel-track relations, opened the way to the Advanced Passenger Train.

The APT is a brilliant illustration of a system designed to work within certain well-defined constraints. There was no lack of ideas for a "green field" solution involving new track and signalling, to produce a super-train. The ingenuity lay in putting together a package of advanced technologies capable of navigating existing bends up to 125 or 150 mph.

The estimated cost of this package, around £1.5m. per train, is not greatly above that of the recently introduced high-speed train (£1.1m.). These electric passenger-carrying prototype APTs are taking shape in the railway workshops at Derby. The first may be running between London and Glasgow before the end of the year.

Astonishingly enough, however, there is no plan to capitalise on the performance which the APT will offer passengers, either at home or in export markets. The elegant experimental APT, instead of being sent off to advertise in a prime export market, disappeared into the Railway Museum over a year ago. Already the public has begun to forget it. BR's insistence on keeping APT to itself meant that there was no commercial pressure to export. Meanwhile the parlous state of its own finances, abetted by apathy towards long-term investment on the part of its sponsoring Government department, leaves the future of Britain's most promising piece of ground transport technology

precisely where it should not be—right up in the air.

Another advanced technology that is being developed within clear constraints is the fast breeder reactor. But the constraints in this case are not those of the electricity supply system into which it will be introduced. They are those of the heavy engineering industry which is expected to make it on a production-line basis by the 1990s. "Watchmaking on a tonnage scale" is how a nuclear project chief has described the reactor currently being built in Britain, the advanced gas-cooled reactor. At present its successor is seen as still harder to engineer.

So the designers are trying to incorporate as much as they can of the manufacturing technology and experience learned by industry—at great expense and delay—from the AGRs. For example, the fast breeder reactor will have a pre-stressed concrete pressure vessel deriving from AGR designs. It will make extensive use of the difficult-to-work 9 per cent. chromium steel introduced belatedly but with great success in AGRs in place of austenitic stainless steel, so prone to fail catastrophically from stress corrosion. As a guard against operational mishaps, the system will rely on heavily electronic safety devices analogous to the avionics systems that keep aircraft flying safely.

At the Royal Society last week, Mr. Corfield spoke of the need for something more than research, or high intellectual attainment, to be successful at innovation. "It requires a climate—and I speak of a business and economic climate—in which these tender plants can be nurtured and brought to bear fruit."

Increasingly it is becoming clear that another kind of climate that must be considered is public opinion about the change envisaged. When the TXE 4 decision was taken, both the PO and its suppliers tried to play down the impact it would have on employment. The PO compounded the problem by urging suppliers to stop fussing so much about exports since its own demands would keep them fully stretched.

In the case of the APT, British Rail has a generous fund of goodwill of long standing towards trains in general which, so far, it has shown little sign of exploiting. For its part the Government is much more deeply committed to the expansion of roads, with their dreadful accident record, than to a railway system which last year suffered not a single fatality.

The fast breeder reactor is something different again. Forces basically opposed to all industrial investment have whipped up public opinion against a system that will probably call upon a greater span of industrial skills and experience than any project yet tackled in Britain. To try to allay fears which the nuclear safety experts say are unfounded, the industry is proposing a novel kind of organisation to manage the big demonstration project. This envisages a two-tier management structure with the executive team reporting to a broad-based supervisory board. On this board would be represented environmental and trades union interests, as well as those of the electricity and engineering industries, and the public (which must put up the cash). The challenge will be to compose a board of efficient stewards of the public interest while resolutely excluding those vocal people who have no wish to see the project succeed.

egy for Africa

Temple-Morris, MP. I say how much I bridge Bloom's perils (March 14) of an African situation. I of a coherent African strategy must account the closely problems with imperial, and that of South Africa. The basic factors to base decisions are as follows:

1. The Union is seen to be on the side of the white tide in black Africa. The West is seen to be on the side of the black tide. Because of commercial interests which largely limit the scope of its political action, the West is seen to be on the side of the white tide. Cape route and sources could hardly be a solution is largely of the West because this fact is clearly in Africa. Such proposals could take many of the effective with-glo-American action. solution would suit such as it would Soviet Union.

2. The African situation should be seen in a war present-day South Africa it more and it to support her from these criteria Africa is the key, and particularly early in a position lead, must recon- ciliate and politics. must go into a dis- South Africa to at- get her to move in- directions that can by the West in the community. Simi- a dialogue would we crisis areas of Rhodesia, a solu- tion is in South Afri- ca more than those of her. As it stands, African solution for dependence coming unruly talks stands of international. As to Rhodesia, visible cohesion best and South Africa ing a solution which actual of the poten- tial and among the at, let alone internal- nents — could well

path proposals but also in Sandi- lands. If money is the accounting unit of measurement, clearly there can be no gains or losses on monetary items. Since the London District Society working party proposes to include gains or losses on monetary items in the profit and loss account, clearly money is not to be the unit of measurement. Hence Sandi-lands is disavowed.

Mr. John Nott is reported to have commented that "something has gone badly wrong with the progress towards the introduction of a readily acceptable system of inflation accounting". What has gone wrong is that the Con- servative Government of which he was a member headlessly intertered in 1973 with the accountancy bodies' proposals for current purchasing power accounting. I believe the reason for this interference is that CPP accounting is actually too effective in comprehensively adjusting economic information to allow for the effects of inflation (which, of course, is a deliberate political act by governments).

Thank goodness, nearly four years later, the whole unces- sary episode may nearly be over. Can we now adopt, as the accountancy bodies proposed, current purchasing power accounting—which is the only genuine system of accounting for inflation that has yet been put forward?

Roderic Ansell, Parkside, Henley-on-Thames, Oxfordshire.

Letters to the Editor

transport and planning by this unwarranted and unnecessary manner.

C. D. Redmore, Prospective GLC Candidate, Holborn and St Pancras South Conservative Association, 26, Argyle Square, W.C.1.

Councils in business

From The Chairman, Housing Development Committee, Greater London Council.

Sir—Municipal enterprise is an issue of permissive legisla- tion. Local government legisla- tion is designed to restrict very firmly the operations local coun- cils can undertake. As things stand at present no house is bought, leased, let or sold with- out reference to a specific sec- tion of the Housing Act legisla- tion. No new Underground link can be built by the Greater London Council without a Bill relating to the specific route covered being passed in Parlia- ment. A council direct labour organisation can undertake any activity for its own benefit but is not permitted under present legislation to even tender in com- petition for the work of any other.

I feel there should be only two guidelines for any municipal enterprise. Each trading organ- isation should keep separate accounts of actual costs against receipt, with overheads, validly charged to these accounts. If this were done, profits and losses would be shown, and would not be transferable to other council expenditure heads.

The trading organisation should operate alongside the private sector, with no inhibitions about tendering for any work. Therefore, although direct labour would undoubtedly continue to be a stand-by agency for those occasions where the private sector pulls out of a contract, it should not feel that its work is limited to, for example, local authority contracts.

Several municipal projects have been suggested recently. Why should local authorities provide insurance facilities for their mortgages just as building societies frequently maintain links with specific insurance companies? From this could grow municipal insurance for others. Similarly, although GLC has operated as if it were a building society for some years, it is in fact shackled to Government-determined cash limits, in spite of its attempts to make its loans to the older, poorer and fre- quently red-lined stock which is normally ignored by the building societies. There is a clear justifi- cation here for setting up a municipal building society deal- ing in just those properties, but unrestricted by central govern- ment dictum in the same way as the building societies.

The fact that local authorities have not embarked on providing the services outlined above is one aspect of the very rigid con- trols exercised through legisla- tion on the activities of local government by central govern- ment. In the move for more local determination it is now appropriate for a relaxation of these restrictions and a con- sidered initiative into the fields where municipal services can provide much-needed services. Richard A. Balfe, County Hall, S.E.1.

The driving day

From Mr. B. Gill.

Sir—EEC regulation 543/69 discussed in the report "U.K. seeks early pact with EEC on lorry hours" (March 15) is intended to ensure that drivers of heavy commercial vehicles spend no more than eight hours at the wheel and take sensible breaks for meals and rest during the working day. In the pipeline is an amendment which will remove a 450 km (280 mile) daily distance limit which was to have applied to the driver of a heavy articulated or trailer type vehicle. New regulations have also been proposed which will encourage the development of products that do not replace those which have built into them load and distance features. Finally, the driver's duty day is to be limited to 12 hours.

There doesn't appear therefore to be anything very controversial in the amended EEC regulations, which are designed to restrict drivers and the general public, except the cost. This is stated to be £350m. per year. A closer examination, however, reveals that the costs were based upon a survey carried out early in 1976 covering the 2 per cent. of relevant commercial vehicle popula- tion and less than 1 per cent. of the vehicle fleet. In the main only the owners of large vehicle fleets were consulted. The survey indicated that higher costs would result from the need to employ additional drivers, in- creased payments to drivers arising from renegotiated higher running speeds and subsistence payments to drivers who would for the first time have to stay overnight away from base. The survey also made the point that the major impact of the applica- tion of 543/69 would be felt by operators of "heavy" vehicles largely stemming from the effects of the 450 km rule. The figure calculated as the likely "on- cost" was £132.6m., but other sources that I have consulted were said to increase the £132m. figure to £300m. The £350m. quoted in Ian Hargreaves report is presuma- bly the £300m. updated for inflation.

Quite apart from the very doubtful conclusions drawn from a grossly inadequate statistical analysis of a survey which cannot be any stretch of the imagination be called independent, the results are now out of date. Most of the costs involved in intro- ducing 543/69 were, it has been admitted, created by the 450 km rule which is now to be with- drawn.

Unlike the freight "survey,"

Strengthen the pound

From Mr. T. Simms.

Sir—Nicholas Horsley (March 9) is of course quite right when he implies that our aim should be to strengthen the £, but for a non-sufficient country like ours, which is so dependent on trade, there is only one route in the long term to this goal and that is a better trading per- formance. Any attempts to in- fluence the value of the £ either way by other means, by the Bank of England or anybody else, can only have short term and not lasting effects.

In my view such power such as the Bank has to influence things other than the £ should be short term effects, should do what it can to keep the value of the £ down—indeed lower it below its present level in order to stimulate the changes in trading patterns which have to take place in order to get our trade balance right. The £ is artificially high at the present time, bolstered up by "unnaturally" high interest levels which as Mr. Horsley himself points out, have hampered investment and therefore economic recovery.

There are sufficient impediments to bring about the necessary changes in trading patterns that the last thing we want is an artificially high £—indeed I believe the £ has to go below what Adam Smith would have called its "natural" level before these changes in trading patterns can be brought about. This is because the elasticities of demand of both exports and imports embody a certain stiction (reluctance of buyers to change suppliers) and many of our imports of food and raw materials are what we sometimes call essential and therefore exhibit a certain resistance to normal market forces, certainly initially, even if this is not sustained.

While it might appear some- what unfair on us to have a lower value of the £ imposed on us by the rest of the world (lower than its "natural" level even)—I am afraid this is the price we are going to have to pay for our past and present over-indulgence and mismanagement of our affairs. Terry Simms, 49, Heston Grove, Bradford 3, West Yorkshire.

To-day's Events

House of Commons Trade and Industry sub-committee hears further evidence on British Leyland (see Parliamentary Business, below).

Mr. Eric Varley, Industry Secretary, opens one-day conference on Economic Revival and Industrial Innovation, chaired by Sir Monty Finniston, Royal Garden Hotel, W.8.

CEI Council meets.

Sir Frank Macfadyen, chairman, British Airways, speaks at American Chamber of Commerce lunch, Savoy Hotel, W.C.2 on "Proposals for a New International Economic Order."

PARLIAMENTARY BUSINESS

House of Commons: Motion on EEC agriculture documents. Water

House of Lords: Debates on need for further selective measures to deal with unemployment; and for early decisions on future airports policy for London and Greater London.

Select Committee on Expenditure. Trade and Industry sub-committee hears further evidence on British Leyland. Witnesses: Sir Richard Dobson, chairman; Mr. Alex Park, chief executive; and Mr. Derek Whittaker, managing director, Leyland Cars. Mr. Pat Lowry, director of industrial relations; Lord Ryder, chairman, National Enterprise Board; Mr.

N. J. Carver, head of British Leyland support staff; Sir Peter Carey, Permanent Secretary, Department of Industry; Mr. W. C. Bell, head of vehicles division; Mr. C. H. Urwin, deputy general secretary, Transport and General Workers' Union; and Mr. Terry Duffy, national executive councillor, Amalgamated Union of Engineering Workers (10 a.m., Room 16).

COMPANY RESULTS

Reflex Group (half-year). Thomas Tilling (full year). Ultra-mar (full year).

COMPANY MEETINGS

A.C.E. Machinery, Westmore Street, S.E.13. Baring Bros., 85, Leadenhall Street, E.C.3. 12.30. Homfray, Halifax, 12.

How to make a surplus

From The Leader of the Opposition, Greater London Council.

Sir—What a wonderful misuse of words occurred in your report (March 20) on London Transport for the year ending 1976. You yourself say that this "surplus" was achieved only after receiving revenue subsidies from the GLC and Government totaling £114m.

Perhaps by using this sort of arithmetic British Leyland or the Post Office would make a "profit"—if only taxpayers were prepared to put an extra £1b. a year into each!

Horace Cutler, County Hall, S.E.1.

The GLC record

From Mr. C. Radmore.

Sir—Mr. Iltyd Harrington, in concert with his colleagues in the Labour Party at County Hall, is whistling hard to keep his spirits up (March 9) as his party's removal from control in South Africa, draws nigh.

His letter is riddled with omissions, such as the increase of 245 per cent. in the GLC rate on the first two years of Labour control in spite of it being subsequently pegged. Furthermore, he omitted to say that fares on London Transport have increased by 116 per cent. with a further 20 per cent. in- crease on the way and more people than ever are forsaking public transport because of its unreliability and taking to their cars in spite of Labour's policy of bashing the motorist.

His attack on the City of London has the earmarks of the greed and envy for which Labour policy is noted. They are mounting an attack on a supremely successful unit which contributes enormously to the financial well-being of the country as a whole.

Mr. Harrington should cease proposed fundamental trying to divert attention from Labour's disaster in housing,

Sectional interests

From The Liberal Prospective Parliamentary Candidate, Reading North.

Sir—Brian Gould, MP (March 10), was, one must presume, writing with tongue firmly in



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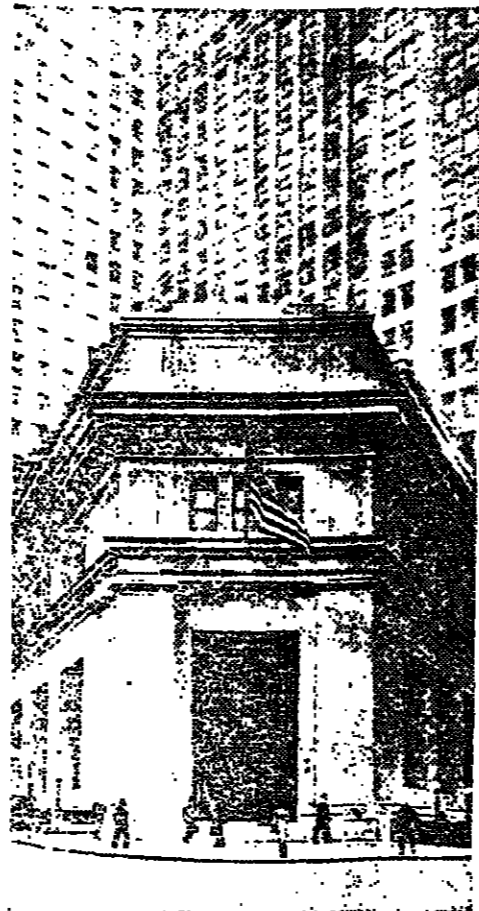
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Essex Water Company

Mr. A. W. White's statement to Stockholders

The Drought

The long dry summer of 1975 to which I referred in my last statement was followed by an abnormally dry winter and in the summer of 1976 we experienced very hot weather with very little rain over a long period which resulted in a drought, the severity of which had not been experienced for centuries. Despite the supply problems which this drought presented, the only restriction on supplies imposed by the Company was a short term ban on the use of hosepipes by non-metered consumers. It was in fact necessary for the Company to impose this ban to comply with the terms of a bulk supply agreement with an adjoining Regional Water Authority. I refer again to this matter towards the end of my statement. As the Company had the foresight to provide adequate water storage and treatment capacity in past years, more stringent measures were not called for. Our consumers too played their part by readily responding to appeals to reduce consumption and the Company wish to express their appreciation of this.

Rainfall statistics suggest that a recurrence of the recent drought is unlikely for many years and it would be extravagant to construct works and storage facilities which would provide for such an extreme climatic contingency. With the experience of 1976, I am satisfied that the Company would be able to meet demands in any future drought period with the minimum of inconvenience to consumers.

Water Rates and Charges

The standard domestic water rate charged throughout 1976 remained at the rate fixed on 1st July, 1975; namely 6.32p in the £ on net annual value, with a differential rate of 25% above standard in the areas formerly supplied by Southend Waterworks Company and the Borough of Maldon.

The standard charge for metered supplies was increased from 51.40p to 57.16p per 1000 gallons as from 1st April, 1976 with differential charges of 25% above standard in the areas formerly supplied by Southend Waterworks Company, the Borough of Maldon and Maldon Rural District Council and 15% above standard in the area formerly supplied by the Borough of Chelmsford.

Having held the domestic rate steady for 21 and the metered rate for 12 months, small increases in both rates appear to be unavoidable from 1st April, 1977 due to continued inflation in costs, especially of fuel and power and of materials and services purchased by the Company. The Company will continue to restrict expenditure wherever possible, always bearing in mind, however, its statutory obligation to provide an adequate supply of wholesome water.

Capital Expenditure

Capital expenditure during the year amounted to £2,241,000 and the net expenditure to 31st December, 1976 now totals £44,725,000. The improvements to the North Essex Works at Layer-de-la-Haye, officially opened on 1st October, 1976 by Col. Sir

John Ruggles-Brise, Lord Lieutenant of Essex, together with the recent Hanningfield extensions, enabled full use to be made of water provided under the Ely Ouse Scheme. Electrification of Layer-de-la-Haye pumping station, a former coal fired station, is nearing completion. Improvements in the distribution system to which I referred last year were duly completed and, as a result, no major difficulties were experienced during the drought.

Changes in Capital

An issue of £4,000,000 of 9% redeemable preference stock, 1982 was made on 23rd November, 1976 at an average price of £94.898 per £100 of stock. From the proceeds of this issue, £3,000,000 of 7% (formerly 10%) preference stock, 1976 was redeemed on 31st December, 1976 and the balance will be used to finance the continuing programme of capital expenditure on improving and extending, as may be necessary, existing works and mains.

Reorganisation of the Water Industry

The Government have now published plans for far reaching changes in the structure of the water industry which was reorganised in large measure less than three years ago. Plans include nationalisation of the statutory water companies, although no attempt is made to justify this, other than on general political grounds and with the bald statement that the continued existence of the companies is anomalous. Approximately one quarter of the population of England and Wales is supplied by water companies and during the recent drought it is significant that not one of the companies had to resort to standpipes. Furthermore, no water company imposed any more serious restriction than the banning of hosepipes, whilst others imposed no restrictions whatsoever. Despite inferences to the contrary, the Company and Regional Water Authorities work happily together. During the period of most severe shortage our Company, having imposed a ban on the use of hosepipes referred to earlier, were able to accept a reduction of 2 million gallons a day in raw water supplied under agreement by a Regional Water Authority, so that relief could be given by them to an area of extreme shortage.

The Company will oppose this threat of nationalisation, unsupported as it is by any practical reasoning, in conjunction with other statutory water companies and the Water Companies' Association.

General

I take this opportunity once again to thank my fellow directors for their continuing help and advice throughout the year.

It would, no doubt, be your wish to thank the staff for their loyal, willing and splendid service throughout another testing year. It is interesting to record that of our 1,046 employees, 134 have served the water industry for more than 25 years: a record of which the Company is justly proud.

Tea price increase helps Brooke Bond to £16.8m.

IN THE six months to end December, 1976, pre-tax profits of Brooke Bond Ltd. advanced from £10.25m. to £16.8m. and the directors say that, given continuing stability in exchange rates and maintained profit margins, they still expect a satisfactory increase in full-year profits compared with the record £24.53m. achieved for 1975-76.

First-half sales expanded from £27.8m. to £34.1m. with most of the increase arising in the U.K., North America, Asia and Africa.

The increase in profits was evenly divided between the U.K. and overseas, say the directors. All significant trading activities in the U.K. produced higher profits. Overseas the improvement came mainly from Africa and Asia, with a small net gain from other areas.

The higher value of tea resulting from a change in the balance of world supply and demand in favour of the producing countries was an important but not the only factor in the improved results, members are told.

The interim dividend is 0.78625p net per 25p share compared with 0.85p costing £1.12625. Last year's total was 2.4745p.

Turnover increased by £1.8m. to £34.1m. An interim dividend of 0.78625p net per 25p share was announced on 23rd November. This compares with first and second interim dividends totalling 0.5p for the 18-month period ended July 31, 1976. Total for this period was 0.4p and the loss incurred was £294,507. This included £163,459 trading losses from discontinued operations and £90,112 charge for bad debts written off.

First-half interest cost was £146,759 (£135,531). There was no tax charge (same).

Gross income for the nine months to February 28, 1977 at Electric and General Investment

Profit at halfway for F. Cooper

A TURNAROUND from a loss of £7,613 for the half-year to 5p.5p. on 30th November, 1976, to a profit of £147,982 before tax for six months ended January 31, 1977, was achieved by Frederick Cooper (Holdings) and the Board says it has confidence that profitability will continue.

Turnover increased by £1.8m. to £34.1m. An interim dividend of 0.78625p net per 25p share was announced on 23rd November. This compares with first and second interim dividends totalling 0.5p for the 18-month period ended July 31, 1976. Total for this period was 0.4p and the loss incurred was £294,507. This included £163,459 trading losses from discontinued operations and £90,112 charge for bad debts written off.

First-half interest cost was £146,759 (£135,531). There was no tax charge (same).

Gross income for the nine months to February 28, 1977 at Electric and General Investment

Company increased from £425,495 to £626,327 and net income advanced from £75,850 to £233,285 after tax up from £49,204 to £141,493. Earnings are shown at 7.25p (0.51p) per 25p share. Net income for the year to end May 1976 was £202,004.

Net assets per share stood at 87.9p (78.6p) at the end of the nine months. Results for the nine months have been adjusted to reflect the write back of Debenture stock interest provided in 1976 and accounts on £2,335,437 of stock subsequently purchased and cancelled.

Mr. C. H. W. Troughton has been elected chairman in place of Mr. G. F. B. Grant who will remain on the Board.

Turnover for the nine months to February 28, 1977 at Electric and General Investment

Gross income for the nine months to February 28, 1977 at Electric and General Investment

Assets at L & Pensi

THE PENSION division of Legal country's big pension fund or looking after £85 pension-fund with £32m. in and represents a from last Dec. likely to accelerate companies opt (pension scheme) date next Dec 1.

The growth better than the fund started was hoped to reach £100m. in bulk of the as MRC's Fund (£300m.) and the (approaching £ which put on 1 year. The Equi Interest Fund £ to £25.1m. large appreciation and

The heavy £ equities and int. the Mixed Fund portions now at per cent. resp. and 26 per cent. hold up in perf. here it lost 1.4 value in year now recovered 1 cent. growth.

During 1976, £50m. worth of achieve. This di- liquidity. This a fund of £100, on a fund of £1 1975. Of that £ was spent on in hitting the prop. that sector to 3 Managers say it to see this rise.

The fund's spend large am- properties ther- (action since 1974. Current net of the fund is £10.7 comes from sh- through switch fund. The aver- properties, being 8 per cent.

News of the dividend increase came too late to affect McLeod Russel's share price, which closed unchanged at 225p.

McLeod Russel, the tea-trading company, announced yesterday that it has been informed by the Treasury that it is not covered by U.K. dividend controls, because it is mainly engaged in operations outside the U.K. This follows the news of a similar exemption for Mecheape, the international trading group.

Stated earnings per 25p share were basic 30.6p (28.1p) and fully diluted 29.6p (27.1p). Dividend for the year is 9p net, the maximum permitted, against 8.25p, with a final of 5p (4.75p).

Turnover 1976 167.2 1975 153.4

Exceptional items 1976 141.6 1975 139

Pre-tax profit 1976 15.6 1975 14.7

Taxation 1976 3.1 1975 2.6

Minorities 1976 0.1 1975 0.1

Attributable 1976 12.5 1975 12.1

Extraord. debit 1976 0.3 1975 0.3

Leonard Fairclough tops £5.9m.

CIVIL ENGINEERING and building contractors, Leonard Fairclough has entered 1977 with a "good workload" at prices to which it can work, the Board states, revealing record pre-tax profits of £5.95m. for 1976 against £4.97m. for 1975. Profit at half-way is £1.26m. compared with £0.4m.

The directors add that the group is considered to be in an efficient state for present, and anticipated trading conditions.

They also propose to increase the company's borrowing powers to twice the aggregate of share capital and reserves and also to increase the capital from £4m. to £16.25m. by a scrip issue of three-for-one.

It is proposed to change the name of the group to Fairclough Construction Group.

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McLeod Russel to pay 10p

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Cope Allma International Limited

An international group of companies engaged in packaging, engine fashion and leisure.

Interim results (unaudited) for the half year to 31st December, 1976

	6 months to 31.12.76	6 months to 31.12.75	Year 1976
	£000's	£000's	£000's
Group Sales	72,364	55,425	116,800
Profit before Taxation	3,936	1,622	5,558
Earnings Attributable	1,683	715	2,398
Earnings per Share	4.39p	1.87p	5.7p

Exports to non-Group customers rose 50% to over £10 million during the half year. Profit before taxation for the full year is fore to be about £8 million.

An interim dividend was declared of 1.4p (1976—1.0p). It is Directors' intention to declare dividends for the year total 3.0886p (1976—2.8078p)—the maximum permitted under current legislation.

27 Hill Street London

NEW ISSUE

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only

15th March, 1977

muRata

Murata Manufacturing Company, Ltd.

(Kabushiki Kaisha Murata Seisakusho)

4,000,000

Shares of Common Stock

(par value ¥50 per share)

represented by Continental Depository Receipts

ISSUE PRICE U.S. \$4.02 PER SHARE

Nomura Europe N.V.

Société Générale

Robert Fleming & Co. Limited

Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

Associated Japanese Bank (International) Limited

APPOINTMENTS

Hoggett Bowers Executive Selection Consultants

Managing Director

North East negotiable salary

Due to his contribution to success, this company's Chief Executive has gained a senior appointment with its American associate...

R. D. Howarth, Ref: 27029/FT

Male or female candidates should apply in confidence to: MANCHESTER: Sun Life House, 3 Charlotte Street, M1 4HB...

Senior Executive

City Bank International and Money Market Operations

This is a new appointment within a dynamic and rapidly expanding financial institution. It offers a major challenge since the key tasks will be to examine current business...

an executive director, and should have aspirations to reach a similar level. There are the usual conditions of employment associated with an appointment of this nature...

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MINING NEWS

North West Cape looks like a treasure chest

BY KENNETH MARSTON, MINING EDITOR

POSSIBLY the largest discoveries of base metals in Africa since the Zambian copperbelt are in the North West Cape province...

The galaxy of companies represented in the province is understood to include from the U.S. Newmont Mining, O'Keefe Phelps Dodge and U.S. Steel and from South Africa Anglo American, Anglo-Transvaal, De Beers, General Mining, Messina and Union Corporation.

Although much of the initial further discoveries are expected to be made, the Pretoria copper mine of the Anglo-Transvaal group is already established, while a rail link to harbour facilities on the west coast has just been completed...

This find was last estimated at some 80m. tonnes grading 0.6 per cent copper, 2.2 per cent lead, 0.5 per cent zinc and 0.5 ounces of silver a tonne.

It is thought that Phelps is thinking not of an open-pit mine but of a tunnelled shaft, such grades but of an underground mine in higher grade ore, and is putting down a shaft to investigate the lower orebody.

BOARD MEETINGS

The following companies have posted dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are ordinary or final and the sub-divisions shown below are based mainly on last year's timetable.

Table with columns: TO-DAY, FUTURE DATES, and company names like Anglo-West Investment Trust, Anglo-West Investment Trust, Anglo-West Investment Trust.

Exploration which has iron ore rights in Quebec Total royalties from iron ore were \$2.5m. compared with \$2.7m. in 1976.

SMOOTH RUNNING AT PALABORA

Work on the expansion plan at the Rio Tinto-Zinc group's Palabora copper mine in South Africa is running smoothly on schedule.

Palabora's copper production in 1976 was 93,665 tonnes, but this figure includes 2,305 tonnes purchased from outside sources.

The latest cost estimate for the expansion plan was \$155m. (\$28.5m.) in contrast there are still problems at RTZ's Rossing uranium operation in South West Africa.

ROUNDUP

The Rhodesian gold producer, Falcon Mines, has declared an interim dividend for the year to September of 12.5p, or 28 Rhodesian cents.

HOLLINGER HOLDS STEADY

Net profits of the Toronto group, Hollinger Mines, showed only a modest increase last year with a 4 per cent rise to \$12m. (\$12.7m.) from \$11.3m. in 1975.

MINING BRIEFS

WHEAT JARRE-FEBRUARY production of iron ore in concentrates at mines (January 1976).

The Pentland Investment Trust Limited

Member of the Association of Investment Trusts

RESULTS FOR THE YEAR TO 31st DECEMBER 1976

Table with financial results: Gross Revenue £1,388, Earned per Ordinary Share 3, Dividend per Ordinary Share 3, Net Asset Value per Ordinary Share 1.

Extract from Statement by the CI

CAPITAL—The Net Asset value of your Ordinary Shares risen from 115p to 129p, an increase of 12% as against 4% in the F.T. Actuarial All-Share Index, and 3% in the F.T. Industrial Index, and an increase of 27% in the F.T. 500 Share Index, adjusted for the dollar premium rate of exchange.

Your Board's policy of investing a substantial part of the Trust's assets overseas has this year, and over a 7 years, proved to be of benefit to the shareholders.

OBJECTIVES—We would like to restate your Board policy: this has not changed for many years. It is in shares which we believe to have good prospects for the future, but to the extent of totally disregarding immediate price movements.

Added to these long term objectives must be the aim, to reduce the discount that your shares stand at Market, relative to the Net Asset Value. This discount materially different from that of most Investment Trusts and it must be in the interests of all shareholders to the Association of Investment Trusts Companies to cover overall discounts.

The present problem has not been created by management to achieve better than average investment performance. This can be seen in the fact that the best investment records over the last five years markedly smaller discount than the average Trust.

Investment Trusts

Copies of the Accounts are available on request. The Annual General Meeting will be held at 3 Albany Edinburgh 2, on Tuesday 5th April 1977 at 10.30 a.m.

EAST OF SCOTLAND INVESTMENT MANAGERS LTD. EDINBURGH

GAZ DE FRAN

The date given for the drawing of incorrectly published in the Financial Times 7th February 1977.

Drawing of January 27, 1977 Reimbursement: March 15, 1977 should have read

Drawing of January 27, 1977 Reimbursement: March 15, 1977

COMMODITY APPS. traders, financiers documents back up admin. accountants

Tel Graham Stewart 01-439 1701.

COMPANY NOTICES

MURATA MANUFACTURING COMPANY LTD.

(CDRS) Referring to the articles of association on page 5 of the Offering Circular...

Consequently the undersigned has designated Div. CDRS.2 of the CDRS Murata Manufacturing Company Ltd. as the CDRS.

Amsterdam, 15th March 1977.

DE BEERS CONSOLIDATED MINES LTD.

(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

Notice is hereby given that the eighteenth annual general meeting of De Beers Consolidated Mines Limited will be held at 38, St. George's Street, Kimberley on Friday, 17th May 1977, at 10.30 for the purpose of receiving and considering the annual financial statements of the Company and of the Group for the year ended 31st December 1976.

Amsterdam, 15th March 1977.

NOTICE TO MEMBERS

Notice is hereby given that the eighteenth annual general meeting of De Beers Consolidated Mines Limited will be held at 38, St. George's Street, Kimberley on Friday, 17th May 1977, at 10.30 for the purpose of receiving and considering the annual financial statements of the Company and of the Group for the year ended 31st December 1976.

Amsterdam, 15th March 1977.

SPANISH & EXTERNAL LOAN

The coupons due 1st APRIL 1977 can be presented for payment at BANCO ESPAÑOL EN LONDRES, 218, Cannon Street, London EC4A 3DF, or at BANCO ESPAÑOL EN LONDRES, S.A. 18th March 1977.

ORDINARY DIVIDEND 28

Further to the Dividend Notice 28, the Company has decided to pay the dividend in the form of a cheque payable to the order of the shareholder or to the order of the shareholder's agent.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

London Office: 42, Old Broad Street, London EC4A 3DF.

Office of the United Kingdom Transfer Secretaries: 42, Old Broad Street, London EC4A 3DF.

10th March 1977.

GROUND FLOOR opportunity for working investor to participate in American investment of one of the most successful U.S. retail food chains into the U.K. investment capital (£m. 27,000) required. Telephone 0925-3620.

SELL TO TRADE and industry through experienced National Association. Nominal expenses and commission on results. Write to: 1985 Financial Times, 10, Cannon Street, EC4A 3DF.

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FRENCH INSTITUTE

10-week intensive French Course in Oral French, commencing 21st April, interviews from 21st to 23rd March at 20th March, 14, Cromwell Place, London SW7 2JR. Tel. 01-581 4211, Ext. 43.

ART GALLERIES

BEDFORD HOUSE GALLERY, 105 Kensington Church St., W.8. DESTINY ART GALLERY, 105 Kensington Church St., W.8. GRAPHIC, Open Tues-Sat, until April 9 10.00-1.00

ELIZABETH STREET GALLERIES, 158 Sloane St., S.W.1. Modern paintings, sculpture and drawings by leading international artists. Wide range of prices. Tues-Fri, 10.5-5.30, Sat. 10-1.

PUBLIC NOTICES

SUFFOLK COUNTY COUNCIL 63m. Bills issued 18th March 1977, due 18th June 1977, at 10pm. Contact phone 531m. Total outstanding £6m.

LEGAL NOTICES

In the High Court of Justice Chancery Division Companies Court, in the Matter of HEMES ENTERPRISES LIMITED and in the Matter of the Companies Act, 1948

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was presented to the said Court by MARCELO D'AMON, Petitioner, on the 28th day of February 1977, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 28th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requesting such copy on payment of the regulated charge for the same.

WRIGHT & WEBB, SVRETT & SONS, 10 SOHO SQUARE, LONDON W1V 6EE. Solicitors for the Petitioner

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention to do so. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named notice not later than four o'clock in the afternoon of the 28th day of March 1977.

MOTOR CARS

ROLLS-ROYCE Silver Cloud Motor Car Wanted. Immediate decision and Cash 792177 any time.

CLUBS

8VE, 188 Regent Street, 734 0537. A 100% Club for Artists, Writers, Scientists, Lawyers, 10.45, 12.45, 1.45 and 7.45. Tel. 01-493 1177

GARGOYLE, 68 Dean Street, London, W.1. NEW STRIPTEASE FLOOR STRIP Show at Midnight also 1 a.m. Hostesses, Mon-Fri. Closed Saturdays. 01-437 8455

PUBLIC NOTICES

SUFFOLK COUNTY COUNCIL 63m. Bills issued 18th March 1977, due 18th June 1977, at 10pm. Contact phone 531m. Total outstanding £6m.

PERU INCREASES COPPER OUTPUT

Two American construction companies have won contracts for projects aimed at expanding Peruvian copper production.

The first contract is for the expansion of production at the Cobrita mine from 2,000 tons to 10,000 tons a day at a cost of \$16m. (\$32.6m.). The State-owned company Centromin has signed a contract with Arthur G. McKee of California, Orlima Consultants of Lima will also take part in the project.

The second contract is for a new water treatment plant at the Cerro de Paseo mine. The cost will be \$152m. (\$30m.) and the work will be done by Rome and Sever of California, with the local company Grana Montero.

Finance for the two projects will come from the World Bank, the Inter-American Development Bank, the Peruvian State Development Corporation, and from Centromin's own resources.

CAPITAL CHANGE AT BERJUNTAI

The Malaysian tin producer, Berjuntai, embarked on a scheme to restructure its capital with the aim of bringing the issued capital more into line with net assets and of increasing the marketability of the shares.

The scheme involves the creation of new shares, a subdivision of the shares, a bonus issue and a final consolidation.

Shareholders will shortly be called to an extraordinary general meeting at which they will be asked to approve an increase in the authorised capital to \$335m. from \$330m.

The first stage in the plan is the creation of 2m. shares, each of \$32.50. All issued and unissued shares would then be subdivided into five shares, each of \$30.50.

On top of this, Berjuntai plans to take from the general reserve account \$25.00m. and distribute this sum to shareholders in the

English & New York Trust

Mr. I. M. L. D. Ford, chairman of English and New York Trust says in his annual report that the policy adopted in 1975 of investing the company's liquid resources selectively in equities, was continued during the first few months of 1976.

With equity prices in the U.K. falling in the latter stages of the year, and with the maintenance of the relatively high value of the dollar and the premium income from overseas investments was low considering the large proportion of the company's investments in U.K. equities including £500,000 from liquid resources, particularly those with a large overseas content in assets and earnings.

Investments in the U.K. increased by some £2.05m. and reductions were seen in the U.S. by £777,000. Canada £189,000; Europe £177,000; and other foreign areas £121,000. Value of overseas content at December 31st was 46.2 per cent, against 44.9 per cent, 39.2 per cent (35.1 per cent) of this being in the U.S. Mr. Ford adds that the full effect of these switches has yet to be seen.

EARNINGS PER SHARE

\$0.42, \$0.70, \$1.30, \$1.77, \$2.33, \$4.51

DIVIDENDS DECLARED PER SHARE

\$0.20, \$0.204, \$0.227, \$0.26, \$0.295, \$0.625

Results for the year ending December 31:

Table with columns: 1971, 1972, 1973, 1974, 1975, 1976

Income (millions) \$ 5.2, \$ 8.7, \$ 16.3, \$ 22.1, \$ 29.4, \$ 51

Sales (millions) \$ 889, \$ 960, \$ 1,666, \$ 1,262, \$ 1,443, \$ 4.6

Earnings per share \$ 0.42, \$ 0.70, \$ 1.30, \$ 1.77, \$ 2.33, \$ 4.

Dividends declared (per share) \$ 0.20, \$ 0.204, \$ 0.227, \$ 0.26, \$ 0.295, \$ 0.6

The fourth quarter of 1976 was the 20th consecutive quarter in which earnings improved, in comparison with the same quarter of previous years.

The world needs more of what Allis-Chalmers makes.

Serving world equipment needs for solids and fluids processing... agricultural... electric power... material handling.

Allis-Chalmers Corporation Milwaukee, WI 53201

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Montefibre outlines reconstruction plan

ROME, March 15. MONTEFIBRE, the perennially troubled Italian mixed State-private textile conglomerate...

Brokers fold after Olympia share fall

NEW YORK, March 15. Brokers have folded after the share price of Olympia...

Granges reports heavier than expected loss of Kr295m.

STOCKHOLM, March 15. GRANGES, the Swedish heavy industry group, reports a heavy loss of Kr295m...

Haw Par chairman resigns

SINGAPORE, March 15. MR. MICHAEL FAM has resigned as chairman of Haw Par Brothers International...

Robeco investment policy

AMSTERDAM, March 15. ROBECO, the large Dutch-based investment company, said in its annual report published in Amsterdam today...

'Forbidding' East Asiatic prospects

COPENHAGEN, March 15. THE EAST Asiatic Company's annual report describes the prospects for the company's liner shipping activities as 'forbidding'...

World Bank loan may be cut

BY MARY CAMPBELL. THE SIZE of the World Bank's loan to the Philippines may be cut back but since then it has become clear that coupons are expected to be cut on the way up...

Bank Leumi issue

TEL AVIV, March 15. THE public issue will consist of 50m of Eil Ordinary stock together with options convertible into 25m shares...

Weisscredit takeover foreseen

ZURICH, March 15. AFTER DISCUSSIONS with the Swiss Federal Banking Commission and other interested parties, Swiss Credit Bank of Zurich...

Acrylonitrile under suspicion

BY RHYD DAVID, CHEMICALS CORRESPONDENT. MONTSANTO has already been obliged to suspend manufacture and associated operations at three bottle plants...

INSANTO DEVELOPMENT

Acrylonitrile under suspicion

usage is likely to be much less than in the case of bottles. Monsanto and the FDA now seem set for a long drawn-out legal battle...

World Bank loan may be cut

BY MARY CAMPBELL. THE SIZE of the World Bank's loan to the Philippines may be cut back but since then it has become clear that coupons are expected to be cut on the way up...

Advertisement for DNO (Det Norske Oljeselskap A/S) featuring a large logo and text: 'US \$ 24,000,000 Medium Term Production Payment Loan for the Development of the Heather Field'.

Advertisement for DNO (Det Norske Oljeselskap A/S) featuring a large logo and text: 'US \$ 24,000,000 Medium Term Production Payment Loan for the Development of the Heather Field'.

Japan challenges the car makers

BY JERRY DODSWORTH, Motor Industry Correspondent

ONE would have dared pre-18 months ago that the Japanese car import drive into Britain could be contained with little Government action, compared with the explosion in Japanese car sales in the rest of the world, a downward trend. The Japanese share of the British market is only slightly higher than in the days of 1975, when British companies were in the midst of the inflation-powered price war and British Leyland and other were heading towards imminent reconstruction. Britain owes this change to persuasive efforts of the manufacturers, who have had that the alternative to discipline by the importers is of swinging Government in.

Successful exporters in their own right, have been confident in the past that their technical superiority would continue to give them a strong lead over the Japanese. In addition, they have felt partly insulated against a repetition of the British experience by the more difficult marketing conditions of Continental Europe. There is a forbidding cost involved in setting up a cross-frontier marketing chain to cover the considerable distances required on the Continent, and the domestic manufacturers are themselves well entrenched, unlike the British in the late 1960s. What has happened in the last two or three years, however, is

U.K. but by 1973 this had risen to 92,456, and by last year to 121,400. Britain was the first of the big European markets to fall to the Japanese. But by the time Nissan (the Datsun manufacturer) and Toyota began their first major effort in the U.K. they were already well-established elsewhere. Their strategy appears to have been to pick the peripheral countries first, only later moving into the larger markets which have strong manufacturing bases of their own.

Thus Finland, Switzerland, Denmark and the Low Countries — nations used to buying imported cars and with no special attachment to one marque — are sales networks. Another Japanese have the capacity to keep turning out the cars to push into Europe. Apart from the heavy investment programme of the two major companies, Toyota and Nissan, the last two years have seen the recovery of Toro Kogyo (the Mazda manufacturer), and the emergence of two new forces in the industry, Mitsubishi (which makes Colt), and Honda.

Buoyed up by the success of its Civic model, Honda has plans virtually to double output within the next two years to between 600,000 and 700,000 cars a year. Buoyed up by the success of its Civic model, Honda has plans virtually to double output within the next two years to between 600,000 and 700,000 cars a year. Buoyed up by the success of its Civic model, Honda has plans virtually to double output within the next two years to between 600,000 and 700,000 cars a year.

JAPANESE CAR SALES IN EUROPE

	1973		1974		1975		1976	
	units	%	units	%	units	%	units	%
U.K.	92,500	5.4	84,700	6.7	107,900	9.0	121,400	9.4
Germany	22,900	1.1	22,130	1.3	35,400	1.7	42,800	1.9
Italy	915	0.05	479	0.04	900	0.09	600	0.05
France	13,000	0.7	12,400	0.8	23,000	1.6	50,100	2.7
Other EEC/EFTA	197,400	11.1	213,700	11.2	261,800	13.6	328,800	15.1
Total EEC/EFTA	340,800	19.9	322,500	4.3	429,000	5.5	543,700	6.2

anywhere in the world, however, that the Japanese car is creating more and more in free-trading countries. Australia, for instance, has a quota on Japanese vehicles years ago. This followed the more stringent action of the U.S., who allow in only 1,000 cars a year — a quota can enforce because of a 1975 to 1.6 per cent. (23,000 cars) and last year to 2.7 per cent. (50,000 vehicles).

that the Japanese have at last begun to take the German and French markets seriously. The figures show a steady, if not a startling rise in sales. In France, for example, the Japanese market share stood at 0.7 per cent. in 1973, with 12,993 sales. In 1974 it rose to 0.8 per cent. (12,638 cars), in 1975 to 1.6 per cent. (23,000 cars) and last year to 2.7 per cent. (50,000 vehicles).

all now healthy markets for the Japanese manufacturers. Total EEC/EFTA car registrations last year amounted to 8.77m, and of that the Japanese gained a 6.2 per cent. share — 543,700 sales; but if the big markets of the U.K., Germany, France and Italy are excluded, the strength of the Japanese in the periphery can be clearly seen. Out of total sales of 2.17m. in these countries, the Japanese had 15.1 per cent, or 328,800 sales. Moreover, this share was growing: it was up from 13.6 per cent. in 1975.

Only a few years ago Honda was a highly successful motorcycle concern which had failed in its attempt to break into car manufacturing. But the company learned the lessons of its first clumsy efforts in this new enterprise to emerge eventually within the next few years. For one thing, they have succeeded in the equally sophisticated and competitive American market, easily pushing aside European rivals, including the once all-powerful Volkswagen. To-day Toyota and Nissan sit firmly on top of the U.S.'s importer league, and even tiny Honda, making only 350,000 vehicles a year, intermittently managed to dislodge Volkswagen from third place last year.

Some hardliners within the European industry have begun to talk without much conviction, of emulating the Italian example of tough quotas. At the moment this would clearly raise impossible political objections, but all the same severe pressure is bound to build up against the Japanese to enter into more two-way trade. This was an issue first taken up by the British, but is no longer seen as a purely British problem.

Already the European bloc has had some tangible success in the campaign against "hidden" tariffs, which, everyone agrees, make it difficult for outsiders to penetrate the Japanese market. Japanese testing regulations for imported cars have been eased, and imports have also been given a stay of execution on the stringent Japanese emission tests.

At the same time a top level delegation of Japanese manufacturers is due in Europe shortly to take a detailed look at the British and French components industries. There are hopes of clinching at least some orders from this visit, although the Japanese in the past have bought technology rather than products from Europe.

But unless there is an improvement in the overall balance in this industry, it is difficult to see the European manufacturers acquiescing in further Japanese penetration of their markets. With the example of the concerted action of the Western shipbuilders before them, this is one issue — about the only one — which could unite the extremely competitive and diverse instincts of the European motor companies under the umbrella of the EEC.

Exporters are little indication as to the anxiety in the EEC in anything like the action which has been taken against the Japanese in the European shipping and ballbearings industries. But the growing mess of the threat posed by the Japanese car builders on a market, the British a significant change within the EEC. French and German 1970 there were only about 4,500 companies, powerful and Japanese vehicles sold in the

Secondly, the Japanese companies also steadily adapting themselves to European taste. Although the average product can still not compare in terms of ride, road-holding, and precision by steering with the better European cars, there is no doubt that the latest models are beginning to present stiffer competition.

The new Honda Accord, for instance, a hatchback of medium size, aimed at the Allegro/Golf type market, is a sophisticated vehicle, with a front-wheel drive, transverse engine, five-speed gearbox, independent suspension and high comfort standards. Mazda, a company which was in extreme financial disarray two years ago when its rotary engine ran into disaster, has come back with the 323, a new competitive, five-door, mid-range hatchback. Colt, until now associated with sporting coupés, is bringing in the Sigma, a new mid-range saloon; and all the Japanese companies have a considerable amount of new products in the pipeline.

At the same time, the Japanese are showing increasing interest in the European commercial vehicle industry. Several manufacturers showed their vehicles at the recent Brussels show, and, ifno, a company loosely associated with Toyota, has had great success assembling a cheap heavy truck in Ireland; the British industry has been watching anxiously for the first signs of a Hino foray into the U.K. And at the other end of the scale, the Japanese car importers in Britain have switched their growth ambitions within the last year to mini-vans and pick-ups derived from cars and moved from nil to 7 per cent. of the U.K. market (4,700 vehicles) within 12 months.

Restraint Faced with this breadth of challenge, it is scarcely surprising that other countries — notably France — are beginning to demand a similar self-restraint from the Japanese as is already accorded to Britain. But it is extremely unlikely that the Japanese will be willing to meet them on this.

For one thing, both sides have been careful to avoid talking of a formal agreement, because this would probably be in breach of free-trading regulations. The series of talks between the Japanese and British industries have simply stressed the seriousness of the problem facing the British manufacturers, while drawing attention to the political difficulties which would be created by a further upsurge in imports.

The result has been a freeze on the Japanese market share. This masks a rise in total Japanese sales, which have moved up steadily in line with market growth. But although there appears to have been some difficulty for the Japanese in policing such a tacit agree-

Anglo-Transvaal Industries Limited

incorporated in the Republic of South Africa
interim report
for the half-year ended 31-December, 1976

Financial results

The unaudited consolidated financial results of the Company and its subsidiaries are estimated as follows:

Year ended	Half-year ended	Half-year ended
30 June 1976	31 December 1975	31 December 1976
R000	R000	R000
394 364	219 676	189 324
28 959	13 722	12 765
11 011	5 394	5 566
17 948	8 328	7 199
7 583	3 714	2 964
10 365	4 614	4 235
230	113	115
10-135	4 501	4 120
13 825 106	13 859 970	13 825 126
73 cents	32 cents	30 cents
405 Cr.	37 Dr.	6 29C
6 759	4 631	6 29C

Dividends paid during the half-year

5% Cumulative Preference Shares 55

8% Redeemable Cumulative Preference Shares 55

8% Redeemable Convertible Cumulative Preference Shares 3

Ordinary Dividend No. 31 of 18 cents per share, amounting to R2,489,000 for the year ended 30 June 1976 (1975 — 16 cents — R2,178,000), was declared in June and paid during the half-year.

Capital

The issued Ordinary share capital was increased by 34,864 shares as a result of the conversion of 43,580 8% B Preference shares during the period.

Investments

The market value of the Company's listed investments at 31 December 1976 was R24,636,000 (1975 — R27,378,000) compared with a book value of R14,982,000 (1975 — R14,619,000). Subject to exchange control approvals the Company has disposed of, or approximately book value, its interest in a subsidiary company which produces road surfacing products and chemicals. The Group's food interests have been extended by the acquisition by South Atlantic Corporation Limited of the entire issued share capital of Food Corporation (Proprietary) Limited which produces and distributes dry foodstuffs.

General

The taxed profit for the half-year ended 31 December 1976 is 16 per cent higher than the profit for the comparable period of the previous year. The lower profits of Irvin and Johnson Limited, Steelmetals Limited and National Bolts Limited were more than offset by the profit improvements of Consolidated Glass Works Limited, T. W. Beckett and Company Limited and of the Marine Engineering companies which this year were unaffected by shipbuilding losses. Trading conditions in all sectors of industry in which the Group operates are becoming increasingly difficult. The order books, particularly of the engineering companies, are at low levels and under these circumstances it will be difficult to match the profits of the first half-year in the second half. The Ordinary Dividend should, however, be maintained.

For and on behalf of the Board
B. E. Hersov (Chairman)
R. J. Hamilton-Directors

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Anglo-Transvaal Trustees Ltd.
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London W1R 6ST

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The following are the serial numbers of the Debentures bearing serials to be redeemed:

131	1305	3138	4981	6045	7086	8048	9005	9888	11195	12587	13589	15149	16184	17185	18111	19084
132	1309	3183	4978	6053	7094	8056	9013	10020	11196	12598	13599	15159	16194	17195	18119	19092
133	1312	3194	5008	6083	7124	8086	9043	10050	11226	12628	13629	15189	16224	17225	18149	19122
134	1326	3158	5018	6093	7134	8096	9053	10060	11236	12638	13639	15199	16234	17235	18159	19132
135	1337	3171	5032	6107	7148	8110	9067	10074	11250	12652	13653	15213	16248	17249	18173	19146
136	1350	3184	5046	6121	7162	8124	9081	10088	11266	12668	13669	15229	16264	17265	18189	19162
137	1363	3197	5060	6135	7176	8138	9095	10102	11282	12680	13681	15239	16274	17275	18201	19174
138	1376	3210	5074	6149	7189	8151	9109	10116	11300	12702	13703	15249	16284	17285	18211	19184
139	1389	3223	5088	6163	7202	8164	9123	10130	11316	12714	13715	15259	16294	17295	18221	19198
140	1402	3236	5102	6177	7216	8178	9137	10144	11332	12726	13727	15269	16304	17305	18231	19215
141	1415	3249	5116	6191	7229	8191	9151	10158	11348	12738	13739	15279	16314	17315	18241	19229
142	1428	3262	5130	6205	7243	8205	9165	10172	11364	12750	13751	15289	16324	17325	18247	19247
143	1441	3275	5144	6219	7257	8219	9179	10186	11380	12762	13763	15304	16334	17335	18257	19261
144	1454	3288	5158	6233	7271	8233	9193	10200	11396	12774	13775	15314	16344	17345	18267	19275
145	1467	3301	5172	6247	7285	8247	9207	10214	11412	12786	13787	15324	16354	17355	18277	19289
146	1480	3314	5186	6261	7299	8261	9221	10228	11428	12798	13789	15334	16364	17365	18287	19303
147	1493	3327	5200	6275	7313	8275	9235	10242	11444	12810	13791	15344	16374	17375	18297	19317
148	1506	3340	5214	6289	7327	8289	9249	10256	11460	12822	13793	15354	16384	17385	18307	19331
149	1519	3353	5228	6303	7341	8303	9263	10270	11476	12834	13795	15364	16394	17395	18317	19345
150	1532	3366	5242	6317	7355	8317	9277	10284	11492	12846	13797	15374	16404	17405	18327	19359
151	1545	3379	5256	6331	7369	8331	9291	10298	11508	12858	13799	15384	16414	17415	18337	19373
152	1558	3392	5270	6345	7383	8345	9305	10312	11524	12870	13801	15394	16424	17425	18347	19387
153	1571	3405	5284	6359	7397	8359	9319	10326	11540	12882	13803	15404	16434	17435	18357	19401
154	1584	3418	5300	6373	7411	8373	9333	10340	11556	12894	13805	15414	16444	17445	18367	19415
155	1597	3431	5314	6387	7425	8387	9347	10354	11572	12906	13807	15424	16454	17455	18377	19429
156	1610	3444	5328	6401	7439	8401	9361	10368	11588	12918	13809	15434	16464	17465	18387	19443
157	1623	3457	5342	6415	7453	8415	9375	10382	11604	12930	13811	15444	16474	17475	18397	19457
158	1636	3470	5356	6429	7467	8429	9389	10396	11620	12942	13813	15454	16484	17485	18407	19471
159	1649	3483	5370	6443	7481	8443	9403	10410	11636	12954	13815	15464	16494	17495	18417	19485
160	1662	3496	5384	6457	7495	8457	9417	10424	11652	12966	13817	15474	16504	17505	18427	19499
161	1675	3509	5400	6471	7509	8471	9431	10438	11668	12978	13819	15484	16514	17515	18437	19513
162	1688	3522	5414	6485	7523	8485	9445	10452	11684	12990	13821	15494	16524	17525	18447	19527
163	1701	3535	5428	6499	7537	8499	9459	10466	11700	13002	13823	15504	16534	17535	18457	19541
164	1714	3548	5442	6513	7551	8513	9473	10480	11716	13014	13825	15514	16544	17545	18467	19555
165	1727	3561	5456	6527	7565	8527	9487	10494	11732	13026	13827	15524	16554	17555	18477	19569
166	1740	3574	5470	6541	7579	8541	9501	10508	11748	13038	13829	15534	16564	17565	18487	19583
167	1753	3587	5484	6555	7593	8555	9515	10522	11764	13050	13831	15544	16574	17575	18497	19597
168	1766	3600	5498	6569	7607	8569	9529	10536	11780	13062	13833	15554	16584	17585	18507	19611
169	1779	3613	5512	6583	7621	8583	9543	10550	11796	130						

FINANCIAL TIMES SURVEY

Wednesday March 16 1977

Handwritten signature/initials in a box

Canadian Banking and Finance

Political difficulties with Quebec, reluctant economic growth, and a falling exchange rate have created a difficult environment for Canadian financial institutions this year. The new Bank Act has been delayed.

MANY uncertainties and contradictions crowd in upon the Canadian society have inevitably reflected upon the economy in general and financial institutions in particular. It is not surprising that the banking industry continues to live up to high international prestige, profitable, even in difficult times, and efficient, at any rate, in the managed economies of a number of places: in a country as spread out and as diverse as Canada it probably is. But as the time for regular decennial revision approaches, bankers and directors of the myriad other financial institutions can no longer be sure in what sort of an environment and under which conditions they will have to operate in the coming ten years.

Contradictions
The contradictions built into the Canadian system are well known. For a start, the conflict between the French-speaking population and the English speakers (many of whom are of British origin) has become sharper with the passage of time. In Quebec, home of most of the French, the Parti Québécois Government programme of independence is a major theme. It is an extremely important aspect of the emergence of the Parti Québécois that it has accelerated certain trends that had already been established as a result of economic forces. In Alberta with its oil gas,

Quebec and the federal-provincial struggle both pose problems for business and banking. They are even more immediately involved in another Canadian classic, the conflict between the traditional North American market philosophy and that of administrative power (or bureaucracy as it would now be put) which has its roots in a colonial past and its inspiration in the managed economies of Europe. That conflict plays its part in the debate whether to allow wage and price controls to die prematurely, or to run until November, 1978.

The fourth element in the Canadian dialectic, the fore-hate relationship with the U.S., is pretty quiescent just now: relations are better than they have been for some time, not least because a worsening Canadian current account has made it unwise to discriminate against foreign capital, or to be too reluctant to export natural gas and raw materials in the interests of a greater Canadian depth of manufacture. A lessening of economic nationalism can be detected in the proposal of the Canadian Government, in its White Paper about Bank Act revision, which would allow the foundation of foreign-owned banks in Canada. But the scope is limited: foreign banks are to be severely restricted in size, (as is set out elsewhere in this Survey).

It is an extremely important aspect of the emergence of the Parti Québécois that it has accelerated certain trends that had already been established as a result of economic forces. In Alberta with its oil gas, been pulling ahead of Montreal, year founded a subsidiary which would in need take over all its business outside Quebec. The Royal Bank, largest in Canada, recently caused a stir by moving its investment department from headquarters at Montreal to Toronto. Given the emigration of English-controlled business will, if anything, be there were telling reasons for doing so. But it did reinforce the impression of a flight from the Parti Québécois, which does call itself socialist, and from the threat to weaken the role of English too much in favour of French. How seriously are these supposed threats? The PQ language policy is yet to be announced, though the English speaking majority in Montreal business fears the worst. As regards the socialism, Mr. Lévesque has disclaimed any ambitions to nationalise except in the case of asbestos, and has made it plain that Quebec will have to go on living in the North American climate. His party's programme (which he softened during the election campaign last year) proposed that in an independent Quebec banking and trust companies must be brought under

local control: that would involve giving off the Quebec end of Canadian institutions and insisting that no more than 25 per cent of their equity may be held outside Quebec. The programme also proposed that life assurance companies in an independent Quebec would have to build up their Quebec assets against the day when they may be told to match their liabilities there. The Quebec co-operative savings bank organisation, the *caisses populaires* with total assets of \$4.7bn., play a central part in PQ thinking. The *caisses* to build up their Quebec assets against the day when they may be told to match their liabilities there. The Quebec co-operative savings bank organisation, the *caisses populaires* with total assets of \$4.7bn., play a central part in PQ thinking. The *caisses* to build up their Quebec assets against the day when they may be told to match their liabilities there.

populaires have given notice that they do not intend to be used for political purposes, but their financial strength makes them important to a Government that may yet have difficulties raising capital from abroad. It also makes them potential shareowners in the Quebec banks which the party programme proposes. The Quebec Government therefore will fight tooth and nail the proposal in the Canadian White Paper on a new Bank Act which would make the *caisses* liable to maintain cash reserves in the Bank of Canada. That is the main reason why the new Bank Act, which should have entered into force this summer, will be delayed until early 1978 at the least.

On the other hand, this month's first Quebec provincial debt issue of \$175m. was a success. The institutions were attracted by the favourable yield. Moreover some may have considered this a good moment

Saskatchewan has also espoused the cause of its own provincial financial institutions, and other provinces may follow. Quebec is and will remain the main preoccupation of Canadian business, but the issue of wage and price controls comes a good second. Almost since controls were imposed in November, 1975, argument has raged as to how to get out safely. There is a widespread feeling that there is sufficient slack in the economy, with growth around the 4 per cent mark, to begin phasing out controls very soon, but Mr. Donald Macdonald, the Finance Minister, is reserving his position. An attempt by the opposition to force his hand is likely to fail in the House of Commons next month.

Where the financial institutions are concerned, it is probably true to say that controls have had a nuisance value without cutting deeply into profits. The Government has powers to correctives where annual profits exceed a certain level, but it is not thought that the banks are in danger of feeling that power. A study published this month by Wood Gundy of Toronto arrives at the conclusion that bank profits this year are likely to undergo less than average growth (though trust companies may reap a cyclical profit from falling interest rates). Prospects may, however, be improving later in the year. Wood Gundy discusses the risk of Canadian banks in the field of tanker loans and foreign lending, about which there are whispers, and conclude that the

Current account deficits of about \$5bn. this year and last may be in keeping with historic patterns when expressed as a share of GNP. But combined with Quebec they have knocked the Canadian dollar off its perch: a 3 per cent premium above the U.S. dollar has turned into a discount of some 5 per cent. There is a measure of consensus among economists that that could be about right but all agree, too, that the exchange rate has become volatile. All in all, it is not a moment to rock the boat.

In choppy water

By W. L. Luetkens

Solution

The evidence therefore points to 1977 becoming a difficult but manageable year, provided Quebec poses no insoluble problems. Much will depend on the progress of the world economy, first and foremost in the U.S. Cyclical influences and controls have gone some way towards restoring the competitiveness of Canadian manufacturers: industrial expansion should begin to raise demand for Canadian raw materials. Current account deficits of about \$5bn. this year and last may be in keeping with historic patterns when expressed as a share of GNP. But combined with Quebec they have knocked the Canadian dollar off its perch: a 3 per cent premium above the U.S. dollar has turned into a discount of some 5 per cent. There is a measure of consensus among economists that that could be about right but all agree, too, that the exchange rate has become volatile. All in all, it is not a moment to rock the boat.

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Little change in new Act

THE REVISION of the Canadian Bank Act, a regular ritual of the Canadian political and financial world, has run head on into the most troublesome problems plaguing the country. The proposals made in a White Paper of the Federal Government last year have stirred up the jealousy of the provincial Governments and in particular that of Quebec. Since Ottawa has its hands full trying to cope with the separatist ambitions of the Quebec Government elected on November 15 last, there will be no new Bank Act by mid-1977 as custom would normally have dictated.

As a rule there is a new Bank Act every ten years. But for the moment all that is going to happen is that the 1967 Act will be extended. The new Act will come into force next year, though since 1975 could very well be an election year all sorts of complications may yet arise. The cause of the trouble is the proposal in the White Paper to set up a Canadian Payments Association, replacing the present clearing system run by the chartered banks, and to bring

within its scope a number of financial institutions other than the banks, principally the trust companies and the credit unions which are a form of mutual or co-operative savings banks. They would be perfectly happy to be brought into the system but for the fact that there is to be an admission fee in the form of an obligation to deposit reserves with the Bank of Canada.

Provincial Governments have espoused the cause of the trust companies and credit unions since they operate under provincial charter and have so far been relatively independent of control by Ottawa in general, and the Bank of Canada in particular. And no provincial Government will fight more stoutly than that of Quebec. Quebec has a thriving co-operative savings movement with some 3.5m. members in the *caisses populaires* which closely resemble the Continental European savings banks. The *caisses pop.* have aggregate assets of about \$6bn. and the Parti Québécois Government in Quebec City hopes to find there some support in an otherwise largely hostile financial world.

Irrespective of whether that hope will be justified, Mr. René Lévesque's Government is obviously going to stand up for the *caisses* in their fight against the reserve requirement. He will not stand alone: in English-speaking Canada the province of Saskatchewan has also voiced its opposition to a proposal which it believes is intended to extend the powers of the Ottawa Government at the expense of the provinces.

Given Canadian political realities, one cannot give Ottawa much chance of winning a fight on this issue. Officials who had a hand in drafting the White Paper do not in fact detect any great political will to fight the matter out. A compromise is the most that can be expected, and an almost total withdrawal of the proposal to make credit unions and *caisses pop.* subject to reserve requirements is quite likely. Clearly that would strengthen the case of the trust companies to be let out of the net too.

Principle

That will clearly raise points of principle. The trust companies argue perfectly correctly that they are subject to stringent regulations regarding their liquidity so that there is no danger of their being unable to meet their day-to-day obligations in a clearing system.

On the other hand the trust companies have long outgrown their role as trustees and providers of long-term finance, mainly in the form of mortgages. They do in fact provide current account services to the public. On the grounds of tidiness there is therefore a case for bringing them into the payments association, and for making them pay for the 12 per cent. reserve ratio and, as an innovation, foreign currency deposits used domestically shall be subjected to a 4 per cent. reserve. The latter is a estimate of the future of Canada

whether it is to decentralise increasingly—and of the future of the financial system. Without a doubt the increasing lowering of barriers of financial institutions, and the White Paper proposals are part of a process.

The contentious question of reserves apart, the likelihood is that by some time next year the rest of the White Paper proposals will by and large have been incorporated in a new process.

ASSET GROWTH SINCE 1970

(\$Can. bn.)

Year end	Chartered banks	Trust co's
1970	47.3	8.6
1971	54.4	7.5
1972	63.2	8.6
1973	79.8	10.5
1974	97.0	12.4
1975	108.4	14.6
1976	126.2*	17.3†

* November 30. † September 31.
Source: Bank of Canada.

CHARTERED BANK PERFORMANCE

(12 months to October 31 in \$Can. m.)

	Balance of Net Revenue	Profit
Royal	267	92
Canadian Imperial of Commerce	274	111
Bank of Montreal	175	76
Bank of Nova Scotia	213	69
Toronto-Dominion	170	61
Canadian National	45	17
Provincial	32	11
Mercantile	21	10
Bank of British Columbia	6	1

Bank Act. The biggest innovation will be to allow foreign-owned banks to operate as such within Canada: hitherto they have been deprived of the right to describe themselves as banks, though that has not prevented them from flourishing in the wholesale banking market. (These proposals and their implications are discussed in a separate article in this survey.)

The remaining proposals of the White Paper may be summarised as follows:
● Reserve requirements: Cash reserves shall be maintained with the Bank of Canada, amounting to 2 per cent of deposits up to \$500m. and 4 per cent of deposits in excess of that amount. Demand deposits shall attract a 12 per cent. reserve ratio and, as an innovation, foreign currency deposits used domestically shall be subjected to a 4 per cent. reserve. The latter is a estimate of the future of Canada

of which upon the hard to assess. much criticism to make these to change by Finance rather bank which is monetary policy These so-called members of the associations carry no interest banks alone will maintain in secondary reserve-bearing interest-bearing Entry into is simplified by all institutions to equity of a new to ten years a current 10 per apply.

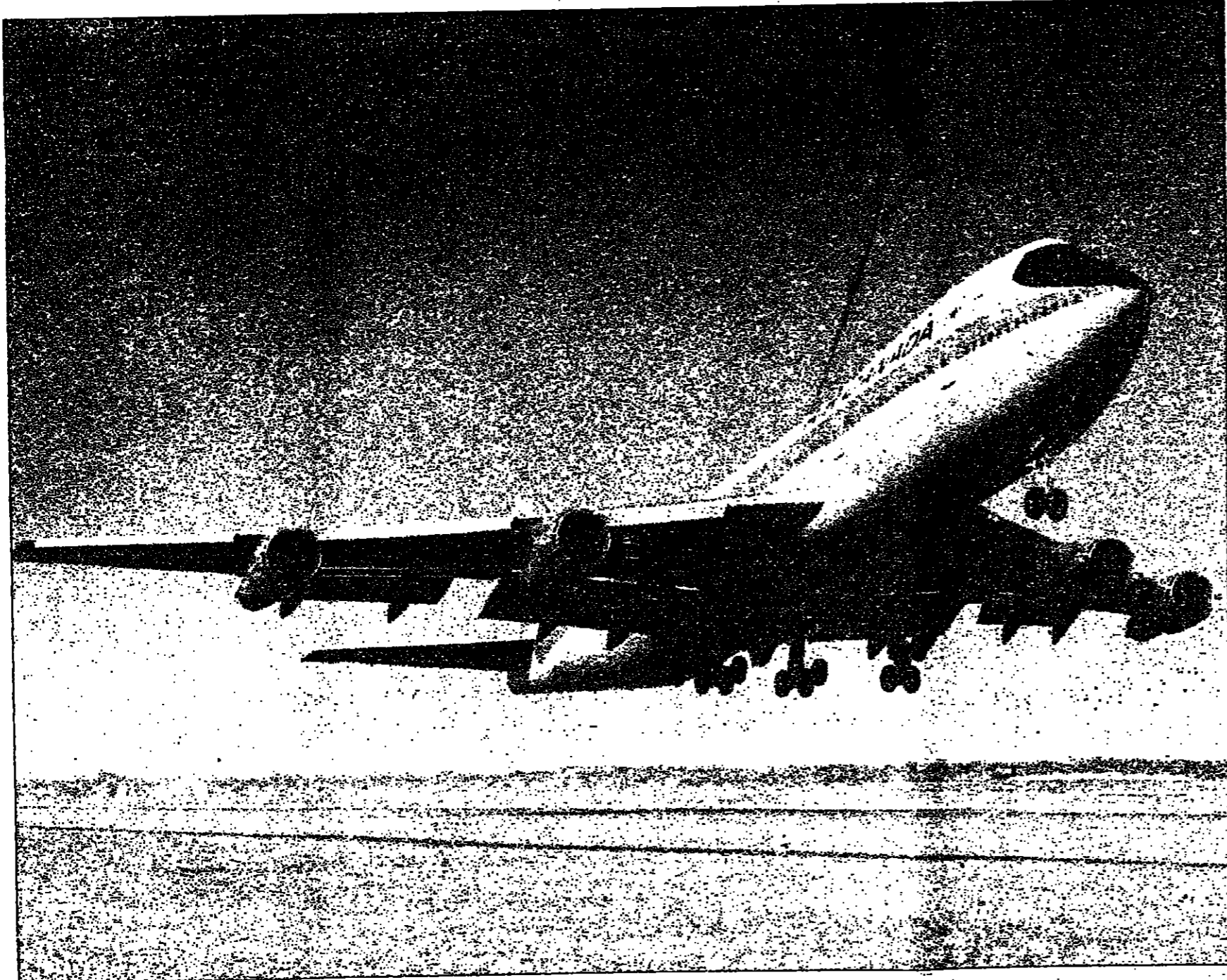
Provincial hitherto bare ownership, will be 25 per cent, banks for up to which the hold; to 10 per cent to please the which has for financial system the dominant eastern charter gradual shift of the West, and the oil and Alberta, has taking care of extent: new have sprung White Paper accelerate the will take a lot full array of with their bran the country.

Leasing an explicitly be chartered bank this will mean Banks will the right to issue securities, but they will distribute them write and disburse securities Banks will be issue coarser That should fall of equity. On balance expect these p are put into foundly to af ability of busin the chartered nothing to cor reform of 1967 an outdated 5:1 ceiling and pay banks way into This time the stronger upon near-banks, in trust companies: ment can push part of its prop reserves, and upo institutions. The White P text the desire petition: in the but does temp great deal of Canadian own likely to grant munity of cha some extent upon one's cash reserve. The latter is a estimate of the future of Canada new proposal, the full impact

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Powerful French influence

WHATEVER MAY transpire for the chartered banks, foreign banks, and agencies and trust companies, in revision of the Canadian Bank Act, Quebec's own *Caisses Populaires Desjardins* are likely to hold the status quo.

No-one seriously believes the suggestion in the 1976 federal White Paper that credit unions, including the *Caisses populaires* should have to keep reserves with the Bank of Canada will become law. The *caisses* claim this would cost them around \$60m. in interest earnings a year, while they point out that the Bank of Canada has said quite clearly that it does not feel it necessary to impose statutory reserve requirements on the *caisses* to achieve efficient control over the money supply and monetary policy.

The political situation in Quebec will not be touched this time, any more than in 1967 when the Act was last revised. The *Caisses populaires Desjardins* movement is unique in Canada and North America, though its founder, Alphonse Desjardins, had well absorbed the experience of Europe and New England in the mutual savings bank field before launching his own people's institution in Lévis on the St. Lawrence opposite Quebec City, one cold evening in December 1900.

He wanted his *Caisses populaires* run by the members themselves by a system of election. It was to be a vehicle for showing ordinary credit should be He wanted the movement, has become a grassroots influence that many politicians envy. Certainly, successive Quebec governments have eyed the *caisses'* assets with envy, courting their leaders or chastising them for refusing to cooperate. Desjardins himself was a translator and Hansard reporter in the House of Commons in Ottawa, and for years had heard MPs inveigh against usury and "shylocking" in the then chaotic small lending business. He knew intimately the needs of the ordinary people of Lévis, his home town, and in the farming areas of the lower St. Lawrence. Banks lent to manufacturers and merchants on inventory and to the middle class. They would not look at farmers, artisans, and labourers. There were 128 townsfolk at the inaugural meeting as Desjardins unfolded his plan for a people's bank. Desjardins wanted to put the savings and credit functions in one institution based on the co-operative ideal: the surplus to be distributed to the members each year. He wanted his *Caisses populaires* run by the members themselves by a system of election. It was to be a vehicle for

showing ordinary credit should be He wanted the movement, has become a grassroots influence that many politicians envy. Certainly, successive Quebec governments have eyed the *caisses'* assets with envy, courting their leaders or chastising them for refusing to cooperate. Desjardins himself was a translator and Hansard reporter in the House of Commons in Ottawa, and for years had heard MPs inveigh against usury and "shylocking" in the then chaotic small lending business. He knew intimately the needs of the ordinary people of Lévis, his home town, and in the farming areas of the lower St. Lawrence. Banks lent to manufacturers and merchants on inventory and to the middle class. They would not look at farmers, artisans, and labourers. There were 128 townsfolk at the inaugural meeting as Desjardins unfolded his plan for a people's bank. Desjardins wanted to put the savings and credit functions in one institution based on the co-operative ideal: the surplus to be distributed to the members each year. He wanted his *Caisses populaires* run by the members themselves by a system of election. It was to be a vehicle for

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J.P. [Signature]

Gearing profitability to caution

IT GROWTH of the chartered banks abruptly in the fiscal end of October, 1976, 6 per cent from a 45.8 per cent in 1975—and starts this year are looking anywhere from 3 to 10 per cent growth.

entants because of their size, experience and client following, and that they could rapidly exploit the new powers, resulting in an even more centralised financial system rather than a more decentralised, competitive one.

Revisions

But while the draft undoubtedly appears to be in the banks' favour on balance, it is not completely one-sided, and the banks too have grounds for complaint.

Besides the Bank Act revisions, there are other uncertainties which cloud the medium-term and long-term outlook for the industry: the federal anti-inflation guidelines which might be altered or dropped before the final deadline at the end of 1978; implications for bank asset growth of the firm monetarist approach adopted by the Bank of Canada in 1975; implications of Quebec's separatist aspirations; the banks' limited exposure to relatively risky loans: ocean tanker companies, U.S. real estate investment trusts, and less developed countries; implications of the federal Borrowers and Depositors Protection Act which would force interest payments on the minimum daily deposit balance (versus the monthly minimum); and the gradual progress of bank staff unions, threatening further to inflate non-interest costs.

If those imponderables are not enough to keep bank watchers busy, there have been notable corporate developments too.

Two new banks in western Canada started up last year. The Canadian Commercial and Industrial Bank of Calgary (CCIB), Canada's only privately-held chartered bank and the Winnipeg-based Northland Bank, both are oriented to business loans rather than retail loans. In addition, IAC

Canada's largest sales finance and leasing company, continues to seek a charter for its transformation into the Continental Bank of Canada, but an opposition member of Parliament intends to continue blocking the special Act required until the new Bank Act is implemented.

Principal shareholders in the CCIB are five major pension funds, five life insurance companies, several trust companies, and other financial institutions, and two foreign banking institutions, Warburg's and Paribas.

Promoters of the Northland are six co-operatives and five credit unions from western Canada, and shareholders also include the Deutsche Genossenschaftsbank of Frankfurt (4 per cent) and, once the new Bank Act is in place, will include some western provinces. (The new Act will permit provinces to own up to 25 per cent of the new bank, to be reduced to 10 per cent within 10 years.)

Early this year, the Montreal-based Provincial Bank of Canada, the seventh largest chartered bank with assets of \$3.6bn., announced plans to absorb through a share exchange, the troubled Unity Bank of Canada, of Toronto, which has assets of \$180m. Unity began in 1972, and underwent a top-level shake-up early in 1976 because of large loan losses. The legacies proved more intractable than expected, and the news that the bank will lose money again this year made a rescue in the form of a takeover almost inevitable.

Another takeover bid this year was at least temporarily frustrated. The Montreal City and District Savings Bank which is more akin to a mortgage company than a bank, fought off a takeover attempt by the province's co-operative credit union movement (the Fédération de Québec des Caisses Populaires Desjardins) by rounding up three friendly institutional investors to hold 10 per cent each. The credit

unions were believed to be backed in their mission by either the Provincial Bank or the Banque Canadienne Nationale.

The addition of two banks, offset by one prospective merger brings the number in Canada to 12, and 13 when the Continental gets its licence.

Total bank assets at the end of last October were \$121.8bn. The five largest are the Royal Bank of Canada (\$28.8bn.), Canadian Imperial Bank of Commerce (\$26.1bn.), Bank of Montreal (\$18.2bn.), Bank of Nova Scotia (\$18.2bn.), and the Toronto-Dominion Bank (\$16.3bn.).

Investment analysts normally look at balance of revenues, which are profits before deducting appropriations for loan losses. The balance of revenues grew slowly (3.6 per cent.) last year for two main reasons: first, narrower profit margins in international operations now that the international bank failures of a few years ago are almost forgotten and the reputedly super-stable Canadian banks have therefore lost much of their competitive edge; second, narrow profit margins at home as a result of the federal Government's anti-inflation Board (AIB) guidelines and of rising non-interest expenses.

Requirements

The AIB guidelines were revised for the second time last June, requiring banks to keep profit margins on their domestic business to 85 per cent of the based period of their choice: either fiscal 1975 or the average of fiscal 1970 through 1974. The banks had to let interest spreads narrow so that they would conform with the guidelines.

Revenue of the industry grew 12 per cent, while expenditures rose 14.4 per cent. Profits, including loss appropriations, increased 7 per cent, and the best growth was by the Provincial (31.7 per cent.), followed by the

CIBC (18 per cent.), Bank of British Columbia (16 per cent.), Mercantile Bank of Canada (14.7 per cent.) and BCN (10 per cent.). Only the Bank of Montreal registered a decline of 6.4 per cent.

Assets of the banks grew 13.5 per cent slightly faster than the previous year, and this year are projected to increase 10 to 13 per cent. There could be reduced growth in business loans—the result of slow capital expansion, reduced inventory accumulation, and some funding of debt in the bond market. And consumer borrowing could also be subdued, the result of caution while unemployment is high.

The movement employs the most sophisticated electronic machinery. The shareholding in the Banque Provinciale was bought 10 years ago to ensure efficient clearing facilities, which in Canada are provided by the chartered banks.

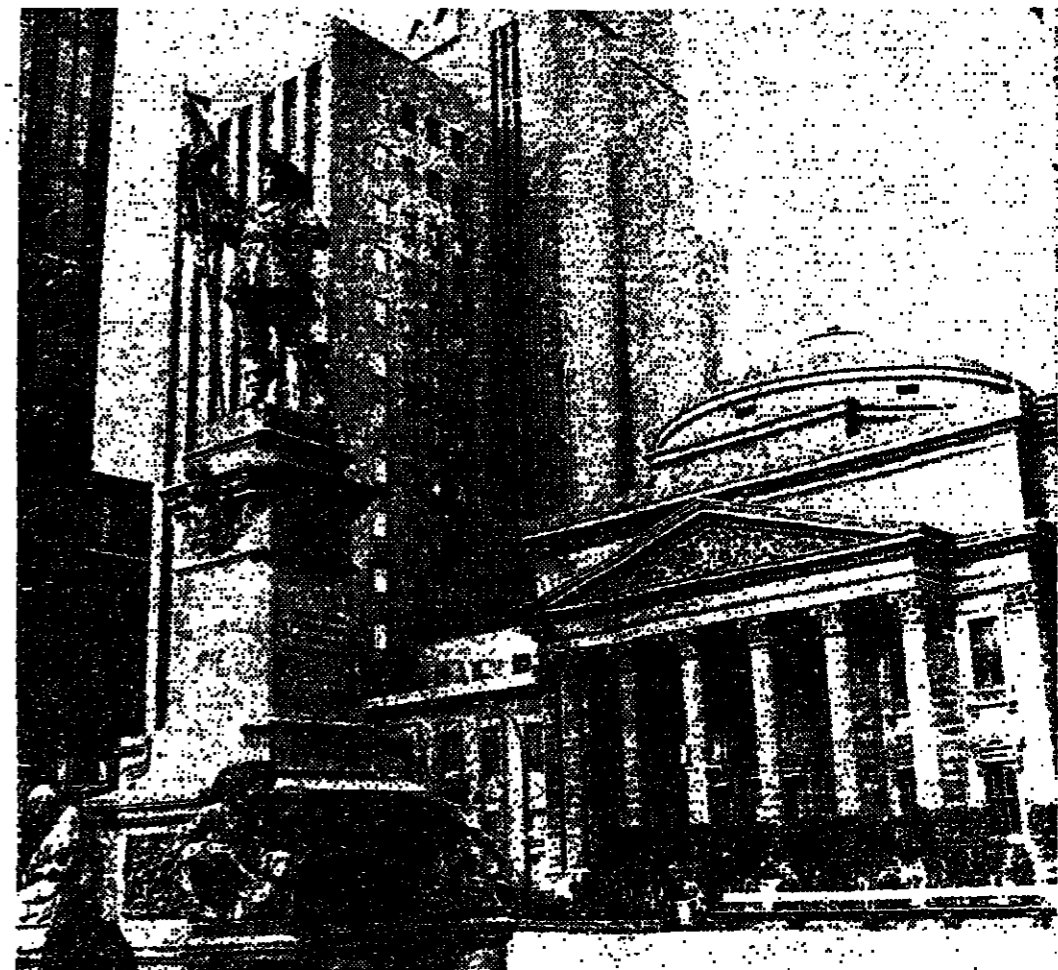
The Caisses are prepared to join the federally proposed national electronic clearing system if it does not involve them in a loss of autonomy. They have pioneered in TV and drive-in banking and slick TV advertising. Yet their roots are firmly set at the local level. The industrial investment arm, set up in 1971, is slowly finding its role.

President Alfred Rouleau envisages the day when assets will hit \$25bn. The task for the Caisses will be to blend the interests of members and the co-operative ideals retained from Desjardins, with the responsibilities that go with such a concentration of financial power.

Influence

The caisses were pressed into investing several million dollars, ostensibly "on behalf of the people" in an earlier government's General Investment Corporation of Quebec, a joint public-private agency supposed to spur industrial development. The GIC had problems from the start and the caisses wanted a proper return on their investment for their members. Friction soon grew when the GIC and the caisses' investment arm were both trying to build up a food-processing industry at the same time. Eventually the Government bought out the Caisses' holdings in the GIC.

The Caisses represent the largest pool of capital in Quebec outside the Government, Hydro-Quebec and the Caisses de depot, the investment arm of the Quebec pension plan. They have successfully operated a "hands off Ottawa" policy while retaining independence largely from the embraces of successive Quebec Governments. The new Lévesque government has singled them out for sympathetic mention, knowing that they hold over \$600m. of Quebec Government bonds, and realising their potential role in Quebec's economic development and took control of banking.



Historic and modern in Montreal: the headquarters of Canada's oldest chartered bank, the Bank of Montreal.

CONTINUED FROM PREVIOUS PAGE

Jane Chudy

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CANADIAN BANKING AND FINANCE IV

Foreigners in from the colonies



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TORONTO—MONTREAL—OTTAWA—CALGARY—EDMONTON—VANCOUVER—WICACAPLES
SUDBURY—WINNIPEG—CALGARY—EDMONTON—VANCOUVER—WICACAPLES

A POSH underground movement is about to come into the open in Toronto, the financial capital of Canada. Foreign bankers have been in business there for many a year, but Canadian economic nationalism has prevented them from describing their operations as banking and their companies as banks. Nor have they been allowed to solicit deposits from the public. Now all that is about to change as a result of the regular revisions of Canadian banking law.

In a White Paper published last year the Canadian Government proposed to give foreigners banking status, and indeed proposed that those of them engaging in both lending and the acceptance of deposits transferable by order must apply for incorporation as banks under Canadian federal law.

So far the foreigners have been operating with provincial charters under a variety of labels, all of which strongly suggested the business which they were in. The words "financial services," to take a typical example, coupled with the name of a well-known international bank will not be misunderstood among those likely to bring it business.

When the White Paper was published it appeared probable that the proposals would be passed into law by the middle of 1977, but the revision of the Bank Act has run into difficulties. The financial services may have to wait until next year before they may become a bank proper.

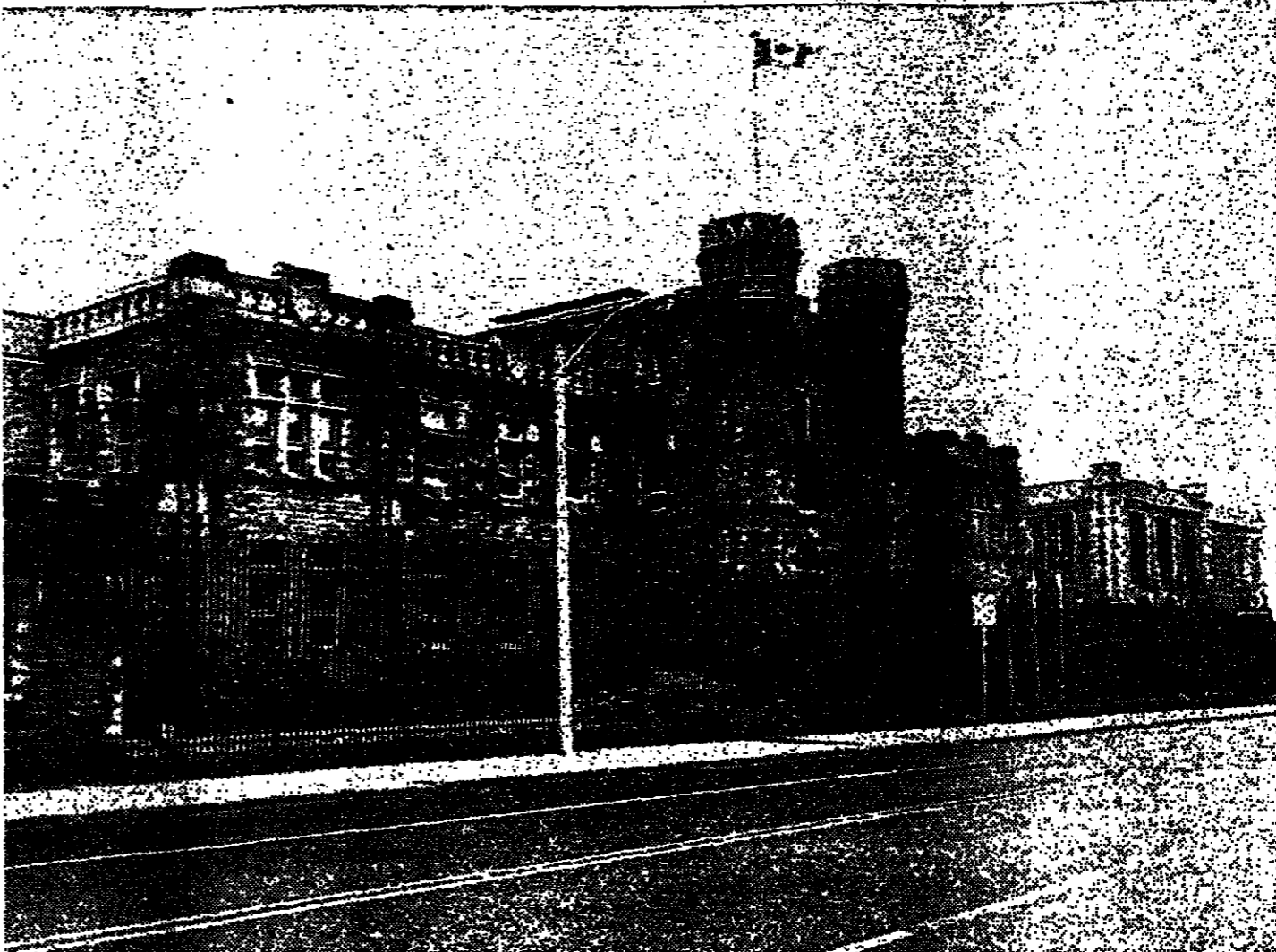
In publishing the White Paper, the Canadian Government said that it wanted to increase competition in the banking world. But in the case of the foreign banks, at any rate, it clearly does not want too much of a good thing. The White Paper says that a balance will have to be achieved between the needs of competition and maintaining control of the financial system in Canadian hands. Given the proximity of the U.S. and the openness of the Canadian border with it, the caution is understandable.

Pressure

A few years ago the foreign near-banks were expanding so quickly that strong pressure came from the Canadian chartered banks to bring them under control. That is one of the objectives of the White Paper proposals. The pressure has persisted, even though the phenomenal growth of the foreigners has ceased. From 1973 to 1974 (a time when Canada was the focus of hopes, since belied, of a permanent prosperity based upon oil) the foreign near-banks' assets as listed by the Bank of Canada tripled to about \$1.8bn. Growth has been much slower since: in 1976 it was about 21 per cent. to a total of \$2.3bn—a rate of expansion that roughly matched that of Canadian-owned financial institutions.

The figure of \$2.3bn. is, however, somewhat misleading since not all foreign banks operating in Canada are covered by the statistics, above all not the so-called suitcase bankers who do business on behalf of U.S. banks without benefit of local affiliate companies or offices. The Canadian Bankers' Association estimates that the real figure for aggregate assets of foreign near-banks and the like might be in the area of \$3.5bn.

That figure must be compared with the chartered banks' aggregate assets of \$125bn. or the \$17bn. of the trust com-



The Canadian mint: it is odd that Canadian slot machines will swallow U.S. coins, but U.S. machines reject Canadian coins.

panies. The White Paper proposals would limit foreign-owned banks to a maximum share of 15 per cent. in Canadian commercial lending, though it does not spell out how the limit is to be enforced. It is evidently intended to give a good deal of discretion to the Minister of Finance — which could lead to flexibility.

Besides the overall limit, the White Paper proposes limits on the size of each individual foreign bank: it is to have no more than five branches, and its authorised capital is to be limited to \$25m., with assets not to exceed 20 times that amount. It is believed that with the exception of Citicorp, a financial company owned by Citibank, whose assets already exceed \$500m., not one of the foreign near-banks is even half way to that implied maximum. But if last year's 21 per cent. growth of the foreigners' aggregate assets were to be continued, some of them would soon be bumping against that ceiling.

In equity it would be hard to refuse to make some allowance for inflation — after all about 40 per cent. of the amount by which aggregate assets increased last year was traceable to that cause. But any such concession will be very much within the discretion of the Government of the day, and the mood of economic nationalism, which has been rather subdued of late, might very well return.

The White Paper itself makes proposals for foreign banks that reach the \$500m. ceiling: if they "canadianise" they will be freed from restrictions upon their growth. To "canadianise" means limiting the element of foreign ownership to 25 per cent. and the share of any one foreign owner to 10 per cent.

It is improbable that many of the foreign near-banks, and above all the European-owned ones, will wish to take that route. On the other hand Citibank, which has long been on the Canadian scene by virtue of

its holdings in Mercantile Bank, has "canadianised" under a special dispensation which to some extent is setting the pattern for the ruling now proposed.

A further restriction that is proposed would forbid a foreign bank, once it has an affiliate bank in Canada, from owning other affiliate companies there. Besides the Citicorp-Mercantile Bank complex, that would affect several British banks which, besides providing near-bank services in Canada, also have Canadian daughter companies dealing in businesses such as consumer credit, re-insurance, and travel. In some cases these operations could probably be amalgamated with the banking side. Otherwise the banks concerned must hope that excep-

tions will be made for businesses already established.

Certainly it is hard to see how it will be possible to avoid having to make special arrangements for Citibank's Canadian interests which, besides Citicorp and Mercantile Bank, with a balance-sheet in excess of \$11bn., include trust and leasing activities.

Mercantile, originally a Dutch foundation, was bought by Citibank in 1963. The Bank Act of 1967 (still in force) made it necessary to "canadianise," and under an agreement Citibank's stake was run down to 25 per cent. by last year, well ahead of the agreed schedule. As rights of the agreed schedule are made in future, the parent bank will renounce its rights until it is down to a holding of no more than 10 per

cent.

The complications arising where there are sister companies of that sort can, of course, be avoided if the foreign bank concerned decides that it does not need bank status in Canada. In practice, however, that may be difficult. Foreign-owned near banks are to be deprived of the right to borrow in Canada with a guarantee of their parent bank. In the case of Citibank, because it is a household name in North America, that may pose no problems; others would probably find it expensive to have to do without such a guarantee.

That is probably the most persuasive argument for turning a foreign near-bank into a bank proper once the new legislation is in force. It will cause prob-

lems where the bank activities will make the institutions liable reserves with Canada for the as long as the the \$500m. reserves are rate and can described as a bank status, or release these certain tax d have narrowed withholding foreign borrow be levied.

Positive

The Canada have not arrive judgment upon but on balance positive. Clear would like a relation included Canadian bank reciprocal treaties whose themselves. White Paper reciprocal the expected—and variety of ba the U.S. alone much as can there are bankers who loose phrased to come in from administrative foreigners ma tive.

Though the layed the cha White Paper foreign banks force roughly: it is as well the Canadian is sufficiently not to be a rush to Toron 1973. Yet give of U.S. owner industry, ma bank may be the market friends from Retail be another story profitable to t knit branch Canadian cha one foreign n "We shall status—but t need is a grou everybody cor small account.

A FINANCIAL TIMES SURVEY

WORLD BANKING

APRIL 25 and MAY 2 1977

The Financial Times is preparing to publish its annual two-part survey on world banking on April 25 and May 2.

Part 1, on April 25, will include in its editorial coverage analyses of the international financial and economic situation; international monetary arrangements; international banking; interest rate trends; gold, foreign banks in London and reviews of economic and industrial developments in a number of countries, mainly in Europe.

Part 2, on May 2, will contain articles on the pound; the dollar; the Euromarkets; project finance; non-OPEC developing countries; development finance and new international financial centres in the Middle East. Other articles will review financial and industrial developments in a number of countries including the United States, Japan and the COMECON nations.

The proposed publication dates are April 25 and May 2; copy dates are April 11 (Part 1) and April 18 (Part 2). For further details of the synopsis and advertisement rates contact Helen Lees, 01-248 8000, extension 238, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 885033.

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Handwritten note in Arabic script: "مكتبة منير" (Miner Library)

J.P. ...

CANADIAN BANKING AND FINANCE V

Trusts pose the questions

THE Canadian Government proposals for the 11 banks alone account for 90 per cent of the total \$126 billion of assets in the banking system.

In a somewhat plaintive brief to Ottawa from the Trust Companies Association of Canada, the industry notes "certain unique characteristics of the chartered banks that confer substantial market power upon them."

Dominance

The trust companies' group argues that, in addition to the bank's dominant position in their traditional field, they have been expanding both directly and indirectly into non-banking areas to the detriment of other types of financial institutions.

An important example is Ottawa's proposal to bring the trust companies under the reserves system that presently covers only the banks. Direct manipulation of the required reserves is one of the principal tools available to the Bank of Canada to achieve its monetary targets.

There would be some carrots to go with the stick. Trust companies, as members of the Association, would have the right to clear their own cheques through the national system.

Equanimity

The rub lies in the reserve requirements that would go with membership. These would have to be maintained in the form of Bank of Canada notes and deposits, against all demand deposits, all time deposits with an original term to maturity of one year or less, and all time deposits with an original term to maturity of more than one year but which are, in practice, cashable on demand.

On the face of it, this seems reasonable. But the trust companies are, in fact, already subject to fairly tough regulations either by Ottawa or by provincial governments which are designed to ensure that they maintain sufficient liquidity.

Effects

It is the business that wants handling of stocks and such agency as stock transfer continues to offer profit prospects. It is not surprising that companies regarded as banking law proposals eyed eye, especially those that suggest new could be laid on them rests of the financial whole.

For example, under the Ontario legislation, all trust and loan companies must maintain segregated assets in the form of cash, bank deposits and certain specific securities equal to 20 per cent of demand deposits and debt maturing within 100 days.

What the trust industry fears most is a tug of war between Ottawa and the provincial governments which might lead to a duplication of reserves and liquidity requirements.

Perhaps the most striking moves in the past 12 months were the absorption of United Trust of Toronto by Royal Trust, and successive acquisitions of Lincoln Trust and Ontario Trust by Canada Trust Mortgage, of London, Ontario.

of about 140, and gave it a much stronger presence in Ontario than it had before.

Canada Trust's two big acquisitions increased its assets by over \$1bn. and filled out gaps in the company's already extensive Ontario branch network.

A number of the companies like Canada Trust can afford to view this short-term effect on profits with some equanimity in current interest rate conditions.

For the longer run, and for most analysts, the industry poses more questions than answers.

Hugh Anderson

Lloyds Bank Group in Canada.

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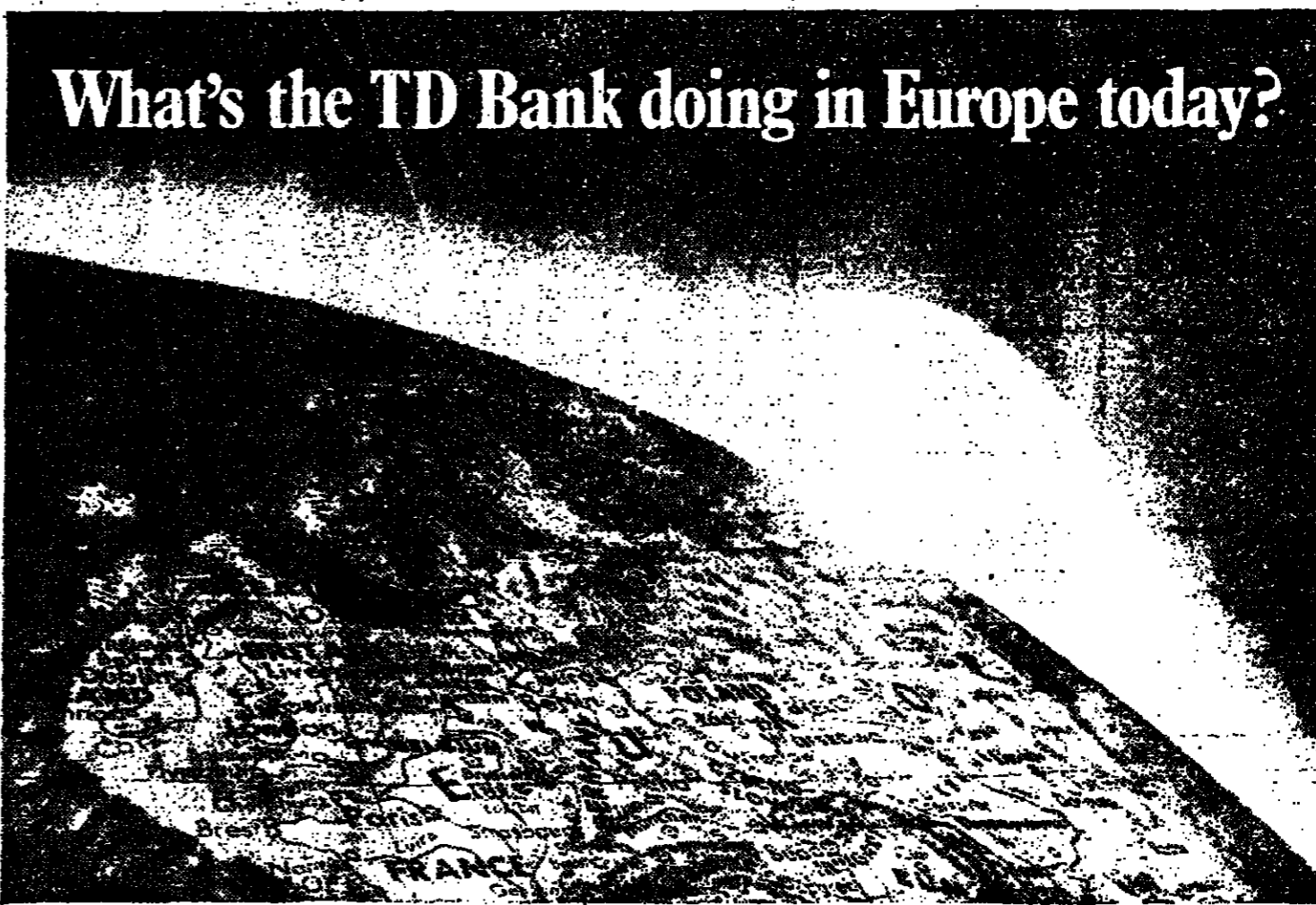
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LLOYDS BANK INTERNATIONAL

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Brokers close ranks

AND economic uncertainty have knocked a lot of stock trading in the dismay of investors. But it has a much-needed confidence in the securities business, more stable and firms.

Underwriting and money market dealings, rather than stockbrokerage, have kept most dealers profitable over the past few years and, as long as inflation remains high and the federal wage, price and dividend controls are on, stock trading is likely to remain slow.

last year - \$1bn. higher than in 1975 but well below the \$6bn. plus figures of 1972 and 1973. Trading volume in Toronto of 549m. shares in 1976 was 80m. higher than in 1975 but, aside from that, one has to look back to 1970 to find as inactive a year.

Performance

Without a lot of activity in Canadian oil shares last year the market's performance would have been considerably worse. Basically, the industrial indices have been flat (Toronto's industrial index quadrupled overnight at the year-end only because a new index system was introduced).

There have been four mergers already this year. Two involved smaller firms and two included firms in which the dominant partners (and surviving names) are among the best-known in the business.

CONTINUED ON NEXT PAGE

FARMING AND RAW MATERIALS

Renewed confidence brings sharply in metal markets

JOHN EDWARDS, COMMODITIES EDITOR

AL PRICES advanced at \$6,317.5 a tonne. In percentage on the London Metal Exchange...

S. chrome import move impact

QUENTIN PEEL

THE PRODUCERS in South Africa and the Soviet Union are to be the principal beneficiaries of the repeal by the U.S. of the Byrd Amendment...

Australian wool floor price pledge

ENNETH RANDALL

ALLA'S MINISTER for Industry, Mr. Ian MacLennan, today dismissed wool speculation on the likelihood of a change in the floor price...

Coffee soars to new peak

By Richard Mooney

LONDON COFFEE futures soared into new high ground yesterday with the May position gaining £233.5 to £4,107.5 a tonne.

Minor fall

But it now appears that the long-holders affected (those holding more than 100 lots of 10 tonnes) have paid the new £1100 a lot deposits and retained their contracts.

Record U.K. particle board consumption

BRITAIN'S CONSUMPTION of particle board (wood chipboard and flaxboard) was a record 1,751,000 cubic metres last year.

LORDS SELECT COMMITTEE ON EEC

Farm pricing policy attacked

BY PETER BULLEN

A FRESH attack on the EEC's farm pricing policy was launched yesterday by a House of Lords Select Committee which has called for a special debate on the year's Common Market farm price proposals and also on the EEC's "green" currency issues.

The accompanying table shows the Committee's estimates of possible increases in retail prices for selected foods following the proposed EEC price changes...

POSSIBLE FOOD PRICE RISES

Table with 4 columns: Present Retail Price, EEC Price Package, Transition changes, Total increase. Rows include Bread, Bacon, Butter, Sugar, Beef, etc.

Consumer groups lobby Brussels

BY ROBIN REEVES

EUROPEAN CONSUMER organisations lobbied the EEC Council of Agricultural Ministers for the first time here today and demanded a freeze for farm products in surplus—such as cereals, dairy products and sugar—in this year's EEC farm price review.

They suggested that raising cereal prices and thereby increasing livestock farmers' costs set up an inflationary spiral.

Dr. Gavin Strang, Parliamentary Secretary, Ministry of Agriculture, who is leading the U.K. delegation, came under fire last night from other Ministers when he reiterated Britain's demand for a 12-month freeze in the common milk price.

Dr. Strang said that the U.K. Government's position in the farm price negotiations, but as President of the Council, Mr. Silkin could only promise to pass on the consumers' view to his Ministerial colleagues.

COMMODITY MARKET REPORTS AND PRICES

Table of commodity prices including Metals, Coffee, Rubber, Soybean Meal, and Silver.

PRICE CHANGES

Table showing price changes for various commodities like Metals, Cereals, and Oils.

U.S. Markets

Table of U.S. market prices for commodities like Copper, Wheat, and Soybeans.

Chartists push up copper

Copper closed firm on chartist buying. Silver was under on commodity house...

Wool Futures

Table of wool futures prices for various grades and origins.

Cotton

Table of cotton futures prices for different types and origins.

PLATINUM AND RUBBER REPORTS

Conti Research takes a Fundamental and Technical look at the Factors that could affect Future Prices

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COFFEE

Table of coffee prices for various grades and origins.

RUBBER

Table of rubber prices for different types and origins.

SOYBEAN MEAL

Table of soybean meal prices for various grades.

SILVER

Table of silver prices for different types and origins.

COCOA

Table of cocoa prices for various grades.

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Handwritten note: 'offshore funds'

Main table listing various unit trusts and offshore funds with columns for name, manager, and performance metrics.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

ART GALLERIES

Table listing art galleries and their locations.

MAS - Cont.

Table listing MAS (Music and Arts Society) events and venues.

ART GALLERIES

Table listing art galleries and their locations.

INSURANCE, PROPERTY, BONDS

Large table listing insurance, property, and bond products from various providers.

INSURANCE BASE RATES

Table listing insurance base rates for various policies.

